



# 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)



### ANNUAL REPORT

# 2012 年報



\*For identification purpose only  
\*僅供識別



## Contents

2	Corporate Information
4	Financial Highlights
7	Chairman's Statement
25	Management Discussion and Analysis
36	Directors, Supervisors and Senior Management
41	Report of the Directors
77	Report of the Supervisory Committee
82	Corporate Governance Report
95	Auditors' Report
97	Consolidated Balance Sheet
99	Consolidated Income Statement
100	Consolidated Statement of Changes in Owners' Equity
102	Consolidated Statement of Cash Flows
104	Balance Sheet
106	Income Statement
107	Statement of Changes in Owners' Equity
109	Statement of Cash Flows
111	Notes to Financial Statements
314	Supplementary Information

# Corporate Information

## EXECUTIVE DIRECTORS

Chen Jinghe (*Chairman*)  
Luo Yingnan (*President*)  
Liu Xiaochu (Resigned on 28 March 2012)  
Qiu Xiaohua (Appointed on 28 May 2012)  
Lan Fusheng  
Huang Xiaodong  
Zou Laichang

## NON-EXECUTIVE DIRECTOR

Peng Jiaqing

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Su Congfu  
Chen Yuchuan  
Lin Yongjing  
Wang Xiaojun

## SUPERVISORS

Lin Shuiqing  
Xu Qiang  
Lin Xinxi  
Zhang Yumin  
Liu Xianhua

## COMPANY SECRETARY

Fan Cheung Man

## AUDIT AND INTERNAL CONTROL COMMITTEE

Lin Yongjing  
Su Congfu  
Chen Yuchuan  
Wang Xiaojun  
Peng Jiaqing  
Chen Jinghe (*Chairman*)  
Luo Yingnan (*President*)

## AUTHORISED REPRESENTATIVES

Chen Jinghe  
Liu Xiaochu (Resigned on 28 March 2012)  
Lan Fusheng (Appointed on 28 March 2012)

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 3712-15, 37/F., Tower 2, Times Square,  
1 Matheson Street, Causeway Bay,  
Hong Kong

## LEGAL ADDRESS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

## LEGAL CONSULTANT OF THE COMPANY (HONG KONG LAWS)

Li & Partners

## AUDITORS

PRC Auditors:  
Ernst & Young Hua Ming (LLP)

## HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

## WEBSITE

[www.zjky.cn](http://www.zjky.cn)

## STOCK CODE

2899



## Corporate Information *(continued)*

### GENERAL

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

In December 2003, the Company was listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The Company was the first Mainland gold production enterprise listed overseas. In 2004, 2005, 2006 and 2007, the Company had continuously applied reserves to issue new shares four times and in April 2008, the Company issued 1.4 billion of A shares at RMB7.13 per share and was listed on the Shanghai Stock Exchange on 25 April 2008 at a nominal value of RMB0.1 each. Pursuant to a resolution passed at the 2010 annual general meeting held for the purpose of approving, among other matters, the proposal of conversion of capital reserve into share capital, on the basis of 5 new shares for every 10 existing shares, additional 7,270,654,550 shares have been issued on the basis of total 14,541,309,100 shares in issue at the end of 2010. After the conversion, the total number of share increased to 21,811,963,650 shares. As at 31 December 2012, the Company has a total of 21,811,963,650 ordinary shares (Nominal value of RMB0.1 each) of which 6,008,160,000 shares (H shares) listed on the Stock Exchange, representing about 27.55% of the total issued shares, and 15,803,803,650 shares (A shares) listed on Shanghai Stock Exchange, representing about 72.45% of the total issued shares.

The Company and its subsidiaries (the "Group") are a comprehensive mining conglomerate in the PRC primarily engaged in gold production, and specifically engaged in the exploration, mining, and sale of gold and other non-ferrous metals. The Company produced about 90.328 tonnes of gold (including 32.075 tonnes of mine-produced gold) in year 2012. The Company is one of the largest and the most efficient mine-produced gold producers in the PRC.

As at the end of 2012, the Group owns 244 mining rights with a total area of 841.065 square kilometers and 250 exploration rights with a total area of 4,306.14 square kilometers.

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

## Financial Highlights

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

### 2012, 2011 AND 2010 FINANCIAL INFORMATION AS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (“CAS”) AND THE RELATED LAWS AND REGULATIONS, 2009 TO 2008 FINANCIAL INFORMATION AS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”):

	For the year ended 31 December		
	2012	2011	2010
<b>Operating income</b>	<b>48,414,719,206</b>	39,763,915,441	28,539,578,900
Less: Operating costs	<b>36,374,864,074</b>	27,536,543,588	18,337,383,129
Taxes and surcharges	<b>541,098,426</b>	382,045,241	352,964,119
Selling expenses	<b>596,860,745</b>	433,256,436	468,769,177
Administrative expenses	<b>1,874,254,433</b>	1,609,339,207	1,362,043,598
Financial expenses	<b>803,965,178</b>	496,400,784	190,780,667
Impairment losses on assets	<b>270,720,072</b>	202,878,294	175,688,227
Add: Gains/(losses) on changes in fair value	<b>12,986,146</b>	(57,130,642)	107,325,325
Investment income	<b>639,884,580</b>	561,775,828	207,630,138
Including: Share of profits of associates and joint ventures	<b>242,514,892</b>	205,253,368	137,365,606
<b>Operating profit</b>	<b>8,605,827,004</b>	9,608,097,077	7,966,905,446
Add: Non-operating income	<b>220,898,413</b>	134,572,479	99,971,340
Less: Non-operating expenses	<b>270,666,100</b>	466,367,867	735,305,014
Including: Losses on disposal of non-current assets	<b>42,731,004</b>	41,842,806	78,834,417
PROFIT BEFORE TAX	<b>8,556,059,317</b>	9,276,301,689	7,331,571,772
Less: Income tax expenses	<b>2,402,806,003</b>	2,365,776,280	1,575,823,347
NET PROFIT	<b>6,153,253,314</b>	6,910,525,409	5,755,748,425
Attributable to owners of the parent	<b>5,211,208,977</b>	5,712,569,100	4,827,916,726
Non-controlling interests	<b>942,044,337</b>	1,197,956,309	927,831,699
OTHER COMPREHENSIVE INCOME	<b>146,597,757</b>	(894,452,113)	344,979,505
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<b>6,299,851,071</b>	6,016,073,296	6,100,727,930
Attributable to:			
Owners of the parent	<b>5,357,778,200</b>	4,818,341,189	5,172,154,730
Non-controlling interests	<b>942,072,871</b>	1,197,732,107	928,573,200



## Financial Highlights *(continued)*

	For the year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Results		
Revenue	20,215,111	16,322,275
Cost of sales	(13,642,427)	(10,329,182)
Gross profit	6,572,684	5,993,093
Other income and gains	608,982	522,199
Selling and distribution costs	(376,971)	(316,948)
Administrative expenses	(717,709)	(826,891)
Other expenses	(968,942)	(630,942)
Finance costs	(168,425)	(247,326)
Share of profits of:		
Associates	79,050	11,370
Jointly-controlled entities	16,654	28,502
Profit before tax	5,045,323	4,533,057
Income tax	(968,254)	(639,031)
Profit for the year	4,077,069	3,894,026
Attributable to:		
Owners of the parent	3,552,347	3,066,201
Non-controlling interests	524,722	827,825
	4,077,069	3,894,026

## Financial Highlights *(continued)*

For the year ended 31 December					
	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000	2008 RMB'000
Assets and liabilities					
Total assets	<b>67,354,421</b>	52,320,199	38,401,232	29,646,137	26,217,549
Total liabilities	<b>33,771,455</b>	22,187,522	12,372,562	8,032,671	7,038,424
Non-controlling interests	<b>5,401,377</b>	5,124,066	4,197,100	3,443,285	3,044,737
Equity holders of the parent	<b>28,181,589</b>	25,008,611	21,831,570	18,170,181	16,134,388

### LIQUIDITY

	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000	2008 RMB'000
Cash and cash equivalents	<b>6,314,740</b>	4,917,188	3,791,472	2,999,054	2,719,868
Current ratio (%)	<b>106</b>	110	115	125	142
Trade receivables turnover (days)	<b>5.09</b>	5.36	6.92	6.68	6.89



## Chairman's Statement

To all shareholders,

I wish to take this opportunity to express my sincere gratitude for your trust and support to Zijin Mining Group Company Limited\*. I am pleased to report herewith the operating results of the Group for the year ended 31 December 2012 as follows:

In 2012, the Group achieved a sales income (turnover) of RMB48,414,719,206, representing an increase of 21.76% over the previous year, and achieved a net profit after tax (net profit attributable to shareholders of the parent) of RMB5,211,208,977, representing a decrease of 8.78% over the previous year. Earnings per share (basic) was RMB0.24, representing a decrease of 7.69% over the previous year. (The calculation of earnings per share is based on the profit for the year attributable to shareholders of the parent of RMB5,211,208,977 (2011: RMB5,712,569,100) and the number of 21,811,963,650 ordinary shares (2011: 21,811,963,650 shares) in issue during the year).

### MARKET OVERVIEW

In 2012, the global economy was in the process of a mild recovery. Under the impact of monetary easing policies and the improvement of the economic situation, the declining demand for risk-avoidance caused the fluctuations of the gold price at the high price range. In 2012, the opening price of London spot gold was US\$1,569.35/oz, the highest price was US\$1,795.98/oz and the lowest price was US\$1,527.82/oz. The year-end closing price was US\$1,675.25/oz, representing an increase of 7% over the previous year. The average gold price increased 6.39% over the previous year.

During the year, the fluctuated global economy was in a mild recovery, the commodity prices fluctuated from its high price at the beginning and the end of the year to its bottom in the midst of the year and the overall average price decreased over the previous year, in which Shanghai copper average price decreased 13.6%, London copper average price decreased 10%, Shanghai zinc average price decreased 11.3% and London zinc average price decreased 11.2%.

### POSITION IN THE INDUSTRY

According to the latest statistics of the Ministry of Industry and Information Technology of the PRC, the 2012 national gold production in the PRC amounted to 403.1 tonnes (in which 341.8 tonnes was mine-produced gold) representing an increase of 42.1 tonnes or 11.66% over the previous year. The PRC was the largest gold production country in the world for 6 consecutive years. In 2012, the Group produced 32.075 tonnes of mine-produced gold, representing approximately 9.38% of mine-produced gold in the PRC. The domestic gold industry realized RMB35 billion profit in total and the Group realized a total profit of RMB8.556 billion, representing 24.45% of the total profit realized in domestic gold industry.

According to the statistics of the National Bureau of Statistics of China, the 2012 national copper concentrates production in the PRC amounted to 1,625,740.09 tonnes (copper metal), representing an increase of 17.4% (2011: 1,384,948.86 tonnes) over the previous year. In 2012, the Group produced 104,603.03 tonnes mine-produced copper, representing 6.43% of national mine-produced copper.

## Chairman's Statement *(continued)*

### **BUSINESS OVERVIEW**

During the reporting period, the Group realized turnover of RMB48.415 billion, representing an increase of 21.76% when compared with the same period last year (2011: RMB39.764 billion), and net profit attributable to owners of the parent of RMB5.211 billion, representing a decrease of 8.78% when compared with the same period last year (2011: RMB5.713 billion).

As at the end of 2012, the Group's total assets was RMB67.354 billion, representing an increase of 28.74% when compared with last year (2011: RMB52.320 billion), and net assets attributable to owners of the parent of RMB28.182 billion, representing an increase of 12.69% when compared with last year (2011: RMB25.009 billion).

### **GOLD MINE BUSINESS**

During the reporting period, the Group produced a total of 90,328.16kg (2,904,116 ounces) of gold, representing an increase of 4.82% when compared with same period last year (2011: 86,170.80kg).

During the reporting period, the Group produced a total of 32,075.43kg (1,031,248 ounces) of mine-produced gold, representing an increase of 12.04% when compared with same period last year (2011: 28,628.37kg); in which 16,376.07kg (526,502 ounces) was produced from Zijinshan Gold Mine, 2,556.57kg (82,196 ounces) was produced from Hunchun Zijin, 2,332.70kg (74,998 ounces) was produced from Guizhou Shuiyindong Gold Mine, 1,541.58kg (49,563 ounces) was produced in 5 months from newly acquired Norton Gold Fields Ltd.; 1,511.51kg (48,596 ounces) was produced from ZGC and 7,757.00kg (249,393 ounces) of mine-produced gold was produced from other entities in the Group.

During the reporting period, the Group produced a total of 58,252.72kg (1,872,867 ounces) of refinery gold, representing an increase of 1.23% over the same period last year (2011: 57,542.43kg), of which Henan Luoyang Zijin Yinhui Gold Refinery Company Limited produced 31,418.38kg (1,010,124 ounces) of refinery gold, the Company's gold refinery plant produced 16,686.33kg (536,478 ounces), Fujian Jinshan Gold Refinery Plant produced 5,279.08kg (169,726 ounces) refinery gold, and other entities in the Group produced 4,868.93kg (156,540 ounces) refinery gold.

Sales income from the gold business of the Group represented about 59.39% (after elimination) of the total annual sales income, and the net profit of the gold business represented about 76.91% of the total net profit attributable to the owners of the parent.

(1 troy ounce = 31.1035g)

### **COPPER MINE BUSINESS**

During the reporting period, the Group produced a total of 216,599.27 tonnes copper, representing an increase of 145.94% over the same period last year (2011: 88,070.71 tonnes), in which 104,603.03 tonnes copper was produced from mines (including 4,832.56 tonnes copper cathodes) representing an increase of 22.39% over the same period last year (2011: 85,468.61 tonnes); the Group produced 111,996.24 tonnes of copper from refinery plants.



## Chairman's Statement *(continued)*

In which, Ashele Copper Mine produced copper concentrates containing copper of 32,066.33 tonnes, representing a decrease of 1.92% over the same period last year (2011: 32,693.91 tonnes); Qinghai Deerni Copper Mine produced copper concentrates containing copper of 28,280.80 tonnes representing an increase of 0.49% over the same period last year (2011: 28,143.39 tonnes); Zijinshan Copper Mine produced 17,016.1 tonnes copper (including 2,106.70 tonnes copper cathodes) representing an increase of 91.10% over the same period last year (2011: 8,904.1 tonnes), Hunchun Zijin produced copper concentrates containing copper of 9,637.58 tonnes representing an increase of 6.51% over the same period last year (2011: 9,048.91 tonnes), Duobaoshan Copper Mine produced 11,000.21 tonnes copper from mine (including 2,725.86 tonnes copper cathodes) representing an increase of 385.12% over the same period last year (2011: 2,267.54 tonnes). The Group produced 111,996.24 tonnes refinery copper, in which, 107,998.89 tonnes was produced in the newly built copper refinery plant of Zijin Copper.

Sales income from the copper mine business represented 18.25% (after elimination) of the annual total sales income, while it represented about 17.37% of the total net profit attributable to the owners of the parent.

### **LEAD AND ZINC MINE BUSINESS**

During the reporting period, the Group produced zinc of 184,501.88 tonnes, representing a decrease of 17.15% over the same period last year (2011: 222,702.36 tonnes), in which Bayannaer Zijin Zinc Refinery Plant produced 147,962.84 tonnes zinc bullion, representing a decrease of 21.14% over the same period last year (2011: 187,616.00 tonnes); the Group produced zinc concentrates containing zinc of 36,539.04 tonnes, representing an increase of 4.14% over the same period last year (2011: 35,086.36 tonnes), in which Wulatehouqi Zijin produced zinc concentrates containing zinc of 25,505.94 tonnes representing an increase of 30.61% over the same period last year (2011: 19,527.78 tonnes); Ashele Copper Mine produced zinc concentrates containing zinc of 8,531.82 tonnes and other entities in the Group produced concentrates containing 2,501.29 tonnes of zinc.

During the reporting period, the Group produced lead concentrates containing lead of 4,809.48 tonnes, representing an increase of 33.93% when compared with same period last year (2011: 3,590.99 tonnes).

Sales income from lead and zinc mine business represented about 4.38% (after elimination) of total annual sales income, while net profit from lead and zinc mine business represented about 0.46% of the total net profit attributable to the owners of the parent.

### **IRON MINE, SILVER AND OTHER BUSINESS**

During the reporting period, the Group produced silver of 263,347.55kg representing an increase of 80.98% over the same period last year (2011: 145,509.46kg), of which 122,222.86kg of silver was produced from refinery as by-product representing an increase of 314.83% over the same period last year (2011: 29,463.47kg); 141,124.69kg of silver was produced from mines representing an increase of 21.61% over the same period last year (2011: 116,045.99kg).

In which, Wuping Zijin produced 52,009.41kg of silver, Ashele Copper Mine produced silver of 24,218.10kg from other associated metals, Shanxi Zijin produced silver of 20,065.08kg from other associated metals, Wulatehouqi Zijin produced silver of 13,798.88kg from other associated metals, Zijinshan Gold and Copper Mine produced silver of 10,501.19kg from other associated metals, other entities produced silver of 20,532.03kg from other associated metals, Zijin Copper Refinery Plant produced 101,305.46kg of silver as by-product, Fujian Jinshan Gold Refinery Plant produced 19,852.75kg of silver as by-product, Luoning Zijin Refinery Plant produced 1,064.65kg of silver as by-product.

## Chairman's Statement *(continued)*

During the reporting period, the Group produced iron concentrates of 2,316,900 tonnes, representing an increase of 18.39% over the same period last year (2011: 1,956,900 tonnes).

Sales income from iron mine, silver and other mineral products represented about 17.98% (after elimination) of total annual sales income, which represented about 5.26% of the total net profit attributable to the owners of the parent.

### Geological exploration work and status of resources and reserve

During the reporting period, the Group invested RMB449 million in geological exploration in aggregate and the volume of the actual works completed includes the following: 388,500 metres drilling, 33,700 metres tunnel exploration, and 49,700 cubic metres trench exploration, which increased the resources/reserves (unaudited) by exploration as follows: 60.45 tonnes of gold, 408,000 tonnes of copper, 2.0467 million tonnes of lead and zinc, 17,200 tonnes of molybdenum, 160,000 tonnes of tungsten, 126.4 tonnes of silver and 1,185,700 tonnes of iron ores.

As at the end of 2012, the Group owns 244 mining rights with a total area of 841.065 square kilometers and 250 exploration rights with a total area of 4,306.14 square kilometers.

### The table below sets out the assessed resources/reserves of the Group's major mines at the end of 2012:

Summary of resources/reserves of the Group's major mines in 2012

Type of mine	Resources/ reserves at the end of 2012	Resources/ reserves at the end of 2011	Growth rate over same period last year (%)
Gold (t)	<b>1,077.34</b>	926.32	16.3%
Gold associated with other metals (t)	<b>114.88</b>	117.07	-1.9%
Sub-total of gold (t)	<b>1,192.22</b>	1,043.39	14.3%
Copper (Mt)	<b>11.7939</b>	11.6129	1.6%
Silver (t)	<b>1,510.00</b>	1,548.6	-2.5%
Molybdenum (Mt)	<b>0.4211</b>	0.3523	19.5%
Zinc (Mt)	<b>6.3470</b>	5.3973	17.6%
Lead (Mt)	<b>1.2842</b>	1.0601	21.1%
Tungsten (Mt)	<b>0.1697</b>	0.1734	-2.1%
Tin (Mt)	<b>0.1399</b>	0.0993	40.9%
Iron (Mt)	<b>208</b>	214	-2.8%
Coal (Mt)	<b>489</b>	459.2	6.5%

Note: The resources reserves excluded resources of Shanghang Luoboling copper molybdenum mine (copper 1.6509 million tonnes, molybdenum 132,700 tonnes).

During the reporting period, the Company appointed Golder Associates Consulting Limited ("Golder") and SRK Consulting China Ltd. ("SRK"), to conduct mineral resources and ore reserves evaluation of the mines owned by the Company in accordance with the "NI 43-101" technical standards, and submitted the mineral resources report signed by the competent persons. As at the reporting date, the mineral resources and ore reserves evaluation of the Company's major mines in accordance with the "NI 43-101" technical standards has been completed and 21 resources verification reports and 7 reserves verification reports have been submitted so far.



## Chairman's Statement *(continued)*

- (a) The comparison between the mineral resources amount recognized by "NI 43-101" technical standards and domestic standards of the 21 mines is as follows:

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by "NI 43-101" CPR standards			Resources identified by domestic standards			Comparison of resources between international standards and domestic standards	
				Measured+ Indicated	Inferred	Total	Measured+ Indicated	Inferred	Total	Change	Percentage change %
1 Golder	Fujian Zijinshan Gold and Copper Mine	Gold	Ore Volume (Mt)	224	25	249	33.66	155.22	188.88	60.12	31.30
			Grade (g/t)	0.42	0.4	0.42			0.41	0.01	
			Metal Volume (t)	93.48	10	103.48	16.14	60.92	77.06	26.42	34.29
		Copper	Ore Volume (Mt)	424	118	542	291.73	152.63	444.36	97.64	21.97
			Grade (%)	0.48	0.44	0.47			0.44	0.03	
			Metal Volume (10kt)	203.06	51.92	254.98	130.80	62.61	193.41	61.57	31.83
2 Golder	Jilin Hunchun Xiaoxinancha Gold and Copper Mine	Gold	Ore Volume (Mt)	136.38	29.62	165.99	43.86	49.37	93.23	72.76	78.05
			Grade (g/t)	0.44	0.44	0.44			0.49	-0.05	
			Metal Volume (t)	59.75	13.03	72.79	21.84	24.25	46.09	26.70	57.94
		Copper	Ore Volume (Mt)	136.38	29.62	165.99	43.86	49.37	93.23	72.77	78.05
			Grade (%)	0.17	0.16	0.17			0.19	-0.02	
			Metal Volume (10kt)	23.74	4.74	28.48	8.51	9.03	17.54	10.94	62.41
3 Golder	Xinjiang Ashele Copper Mine	Copper	Ore Volume (Mt)	25.33	11.21	36.54	13.48	14.41	27.89	8.65	31.00
			Grade (%)	2.07	2.04	2.06			2.18	-0.12	
			Metal Volume (10kt)	52.79	22.87	75.66	35.82	25.09	60.92	14.74	24.20
		Zinc	Ore Volume (Mt)	25.33	11.21	36.54	5.40	3.35	8.76	27.78	317.27
			Grade (%)	0.97	0.64	0.88			2.68	-1.80	
			Metal Volume (10kt)	24.66	7.73	32.39	14.77	8.70	23.47	8.92	38.01
		Sulfur	Ore Volume (Mt)	25.33	11.21	36.54					
			Grade (%)	24.08	34.18	27.18					
			Pure Sulfur Volume (10kt)	613.21	383.16	996.37					

## Chairman's Statement *(continued)*

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by "NI 43-101" CPR standards			Resources identified by domestic standards			Comparison of resources between international standards and domestic standards	
				Measured+	Inferred	Total	Measured+	Inferred	Total	Change	Percentage change %
				Indicated			Indicated				
4 SRK	Heilongjiang Duobaoshan Copper Mine	Copper	Ore Volume (Mt)	445.9	249.51	695.41	232.02	252.01	484.03	211.38	43.67
			Grade (%)	0.39	0.38	0.39			0.41	-0.02	
		Molybdenum	Metal Volume (10kt)	172.5	94.81	267.31	101.05	99.59	200.64	66.67	33.23
			Ore Volume (Mt)	445.9	249.51	695.41	232.02	252.01	484.50	210.91	43.53
			Grade (%)	0.012	0.019	0.015			0.014	0.00	
		Metal Volume (10kt)	5.35	4.74	10.09	3.40	3.54	6.94	3.15	45.29	
5 SRK	Hebei Chongli Dongping Gold Mine	Gold	Ore Volume (Mt)	11.72	15.27	26.99	1.98	9.21	11.19	15.80	141.23
			Grade (g/t)	2.76	2.3	2.5			4.05	-1.55	
			Metal Volume (t)	32.35	35.04	67.39	7.77	37.49	45.26	22.13	32.84
6 Golder	Qinghai Deerni Copper Mine	Copper	Ore Volume (Mt)	23.37	6.85	30.22	17.99	10.19	28.18	2.04	7.22
			Grade (%)	1.2	1	1.15			1.16	-0.01	
			Metal Volume (10kt)	28.04	6.85	34.89	20.21	12.33	32.54	2.35	7.22
		Cobalt	Ore Volume (Mt)	23.37	6.85	30.22	0.00	27.37	27.37	2.85	10.40
			Grade (%)	0.08	0.06	0.07			0.07	0.00	
			Metal Volume (10kt)	1.87	0.41	2.28	0.00	1.81	1.81	0.47	26.25
		Zinc	Ore Volume (Mt)	23.37	6.85	30.22	3.29	2.21	5.50	24.72	449.58
			Grade (%)	0.39	0.3	0.37			1.08	-0.71	
			Metal Volume (10kt)	9.11	2.06	11.17	3.65	2.28	5.93	5.24	88.43
		Sulfur	Ore Volume (Mt)	23.37	6.85	30.22					
			Grade (%)	30.6	26.8	29.7					
Pure Sulfur Volume (10kt)	715.12		183.58	898.7							
7 Golder	Gansu Dujiagou Gold Mine	Gold	Ore Volume (Mt)	22.9	12.2	35.3	6.07	28.95	35.02	0.28	0.81
			Grade (g/t)	1.43	1.29	1.38			1.57	-0.19	
			Metal Volume (t)	32.75	15.74	48.49	13.00	41.89	54.90	-6.41	-11.67



## Chairman's Statement *(continued)*

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by "NI 43-101" CPR standards			Resources identified by domestic standards			Comparison of resources between international standards and domestic standards	
				Measured+ Indicated	Inferred	Total	Measured+ Indicated	Inferred	Total	Change	Percentage change %
8 SRK	Inner Mongolia Aobao Gold Mine	Gold	Ore Volume (Mt)	33.45		33.45	12.54	0.90	13.45	20.00	148.76
			Grade (g/t)	0.71		0.71			0.92	-0.21	
			Metal Volume (t)	23.75		23.75	11.69	0.69	12.38	11.37	91.81
9 Golder	Fujian Luoboling Copper and Molybdenum Mine	Copper	Ore Volume (Mt)	379.3	107.9	487.2					
			Grade (%)	0.33	0.37	0.34					
			Metal Volume (10kt)	125.17	39.92	165.09					
		Molybdenum	Ore Volume (Mt)	379.3	107.9	487.2					
			Grade (%)	0.029	0.021	0.027					
			Metal Volume (10kt)	11	2.27	13.27					
10 Golder	Fujian Yueyang Silver and Multi-metals Mine	Gold	Ore Volume (Mt)	26.59	32.14	58.74	4.19	4.44	8.63	50.11	580.79
			Grade (g/t)	0.41	0.38	0.4			0.36	0.04	
			Metal Volume (t)	10.99	12.21	23.2	1.51	1.60	3.11	20.09	646.90
		Copper	Ore Volume (Mt)	26.59	32.14	58.74	4.19	4.44	8.63	50.11	580.79
			Grade (%)	0.17	0.19	0.18			0.23	-0.05	
			Metal Volume (10kt)	4.43	6.11	10.54	0.96	1.06	2.02	8.52	420.73
		Silver	Ore Volume (Mt)	26.59	32.14	58.74	4.19	4.44	8.63	50.11	580.79
			Grade (g/t)	52.3	40.5	45.84			73.12	-27.28	
			Metal Volume (t)	1,390.62	1,301.67	2,692.29	300.15	330.71	630.86	2,061.43	326.77
	Fujian Longjiangting Copper Mine	Copper	Ore Volume (Mt)	30.54	16.63	47.17	4.05	7.39	11.44	35.73	312.32
			Grade (%)	0.37	0.36	0.37			0.61	-0.24	
			Metal Volume (10kt)	11.3	5.99	17.29	2.68	4.27	6.95	10.34	148.75
		Gold	Ore Volume (Mt)	30.54	16.63	47.17	4.05	7.39	11.44	35.73	312.32
			Grade (g/t)	0.32	0.33	0.32			0.42	-0.10	
			Metal Volume (t)	9.77	5.49	15.26	1.72	3.08	4.79	10.47	218.52
Silver	Ore Volume (Mt)	30.54	16.63	47.17	4.05	7.39	11.44	35.73	312.32		
	Grade (g/t)	8.97	10.22	9.41			17.87	-8.46			
	Metal Volume (t)	273.94	169.96	443.9	72.43	132.02	204.45	239.45	117.12		
11 Golder	Guizhou Taipingdong Gold Mine	Gold	Ore Volume (Mt)	16.6	0.6	17.3	7.35	5.31	12.66	4.64	36.60
			Grade (g/t)	2.5	2.82	2.52			2.96	-0.44	
			Metal Volume (t)	41.6	1.9	43.5	23.41	14.02	37.43	6.07	16.22

## Chairman's Statement *(continued)*

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by "NI 43-101" CPR standards			Resources identified by domestic standards			Comparison of resources between international standards and domestic standards		
				Measured+	Inferred	Total	Measured+	Inferred	Total	Change	Percentage change %	
				Indicated			Indicated					
12	Golder	Guangdong Dongkeng Gold Mine	Gold	Ore Volume (Mt)	7.1	2.6	9.7	1.60	0.48	2.09	7.61	364.61
				Grade (g/t)	1.78	1.6	1.73			2.57	-0.84	
				Metal Volume (t)	12.64	4.16	16.80	4.18	1.18	5.36	11.44	213.31
13	SRK	Fujian Gutian Copper and Molybdenum Mine	Copper	Ore Volume (Mt)	48.4	145.71	194.11	41.62	43.90	85.52	108.59	126.99
				Grade (%)	0.18	0.14	0.15			0.18	-0.03	
				Metal Volume (10kt)	8.78	20.64	29.42	6.63	8.68	15.31	14.11	92.20
		Molybdenum	Ore Volume (Mt)	48.4	145.71	194.11	41.62	43.90	85.52	108.59	126.99	
			Grade (%)	0.046	0.038	0.039			0.057	-0.02		
			Metal Volume (10kt)	2.2	5.46	7.66	2.44	2.41	4.85	2.81	57.88	
14	Golder	Yunnan Lannitang Copper Mine	Copper	Ore Volume (Mt)	47	69	116	13.96	35.67	49.63	66.37	133.74
				Grade (%)	0.33	0.3	0.31			0.36	-0.05	
				Metal Volume (10kt)	15.51	20.7	36.21	5.09	13.02	18.11	18.10	99.95
			Gold	Ore Volume (Mt)	47	69	116	0.00	49.63	49.63	66.37	133.74
				Grade (g/t)	0.14	0.19	0.17			0.27	-0.10	
				Metal Volume (t)	6.58	13.11	19.69	0.00	13.23	13.23	6.46	48.81
15	Golder	Henan Tangjiaping Molybdenum Mine	Molybdenum	Ore Volume (Mt)	53.5	300.87	354.37	290.31	80.21	370.52	-16.15	-4.36
				Grade (%)	0.103	0.058	0.064			0.063	0.00	
				Metal Volume (10kt)	5.52	17.3	22.83	19.99	3.51	23.50	-0.67	-2.87
16	Golder	Yunnan Langdou Copper Mine	Copper	Ore Volume (Mt)		3.97	3.97	1.28	2.76	4.04	-0.07	-1.70
				Grade (%)		1.92	1.92			1.70	0.22	
				Metal Volume (10kt)		7.62	7.62	2.30	4.56	6.86	0.76	11.10
17	Golder	Inner Mongolia Sanguikou Zinc and Lead Mine	Zinc	Ore Volume (Mt)	48.4	106	154.4	87.32	50.53	137.85	16.55	12.01
				Grade (%)	1.89	1.8	1.83			1.92	-0.09	
				Metal Volume (10kt)	91.48	190.80	282.28	175.09	89.46	264.55	17.73	6.70
		Lead	Ore Volume (Mt)	48.4	106	154.4	86.00	47.74	133.74	20.66	15.45	
			Grade (%)	0.42	0.4	0.41			0.45	-0.04		
			Metal Volume (10kt)	20.33	42.40	62.73	41.32	18.52	59.84	2.89	4.83	



## Chairman's Statement *(continued)*

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by "NI 43-101" CPR standards			Resources identified by domestic standards			Comparison of resources between international standards and domestic standards	
				Measured+ Indicated	Inferred	Total	Measured+ Indicated	Inferred	Total	Change	Percentage change %
18 Golder	Guangdong Yinyan Tin Mine	Tin	Ore Volume (Mt)	17.4	62.6	80	10.20	29.15	39.35	40.65	103.32
			Grade (%)	0.29	0.28	0.28			0.35	0.07	
			Metal Volume (10kt)	5.05	17.42	22.47	4.04	9.92	13.96	8.51	60.92
		Molybdenum	Ore Volume (Mt)	17.4	57.3	74.7	0.00	33.10	33.10	41.6	125.67
			Grade (%)	0.02	0.013	0.014			0.024	-0.01	
			Metal Volume (10kt)	0.35	0.74	1.09	0.00	0.80	0.80	0.29	35.74
19 SRK	Yunnan Nanwenhe Tungsten Mine	Tungsten	Ore Volume (Mt)	10.03	17.45	27.48	15.53	19.89	35.42	-7.94	-22.43
			Grade (%)	0.51	0.55	0.53			0.45	0.08	
			Metal Volume (10kt)	5.09	9.56	14.65	8.13	7.78	15.91	-1.26	-7.93
20 SRK	Xinjiang Fuyun Mengku Iron Mine (East, Middle Sections)	Iron	Ore Volume (Mt)	63.07	23.47	86.53	53.69	38.49	92.18	-5.65	-6.13
			Grade (%)	32.7	24.77	30.55					
			Metal Volume (10kt)								
21 Golder	Xinjiang Qitai Heishantou Coal Mine	Coal	Coal (Mt)	372.87	12.64	385.51	377.78	10.73	388.51	-3.00	-0.77

## Chairman's Statement *(continued)*

Signatories of "NI 43-101" technical standards mineral resources reports:

<b>Serial No.</b>	<b>Name of Mine (Project)</b>	<b>Report No.</b>	<b>Competent Person</b>	<b>Company Name</b>
1	Fujian Zijinshan Gold and Copper Mine	137641005-001-L-Rev0	Sia Khosrowshahi	Golder Associates Pty Ltd
2	Jilin Hunchun Xiaoxinancha Gold and Copper Mine	137641005-006-L-Rev0	Sia Khosrowshahi	Golder Associates Pty Ltd
3	Xinjiang Ashele Copper Mine	SCN301	Anshun Xu	SRK Consulting China Ltd.
4	Heilongjiang Duobaoshan Copper Mine	SCN309	Yiefei Jia	SRK Consulting China Ltd.
5	Hebei Chongli Dongping Gold Mine	SCN308	Yiefei Jia	SRK Consulting China Ltd.
6	Qinghai Deerni Copper Mine	137641005-010-L-Rev0	Alan Miller	Golder Associates Pty Ltd
7	Gansu Dujiagou Gold Mine	137641005-005-L-Rev0	Alan Miller	Golder Associates Pty Ltd
8	Inner Mongolia Aobao Gold Mine	SCN306	Yonglian Sun	SRK Consulting China Ltd.
9	Fujian Luoboling Copper and Molybdenum Mine	117641073-005-L-Rev0	Sia Khosrowshahi	Golder Associates Pty Ltd
10	Fujian Yueyang Silver and Multi-metals Mine/ Fujian Longjiangting Copper and Gold Mine	137641005-004-L-Rev0	Sia Khosrowshahi	Golder Associates Pty Ltd
11	Guizhou Taipingdong Gold Mine	128511010-002-L-Rev0	Alan Miller	Golder Associates Pty Ltd
12	Guangdong Dongkeng Gold Mine	128511010-001-L-Rev0	Andrew Weeks	Golder Associates Pty Ltd
13	Fujian Gutian Copper and Molybdenum Mine	SCN312	Yuan Chen	SRK Consulting China Ltd.
14	Yunnan Lannitang Copper Mine	137641005-008-L-Rev0	Sia Khosrowshahi	Golder Associates Pty Ltd
15	Henan Tangjiaping Molybdenum Mine	128511010-005-L-Rev0	Peter Onley	Golder Associates Pty Ltd
16	Yunnan Langdou Copper Mine	128511010-003-L-Rev0	Sia Khosrowshahi	Golder Associates Pty Ltd
17	Inner Mongolia Sanguikou Zinc and Lead Mine	128511010-006-L-Rev0	Peter Onley	Golder Associates Pty Ltd
18	Guangdong Yinyan Tin Mine	137641009-001-L-RevA	Sia Khosrowshahi	Golder Associates Pty Ltd
19	Yunnan Nanwenhe Tungsten Mine	SCN313	Yuan Chen	SRK Consulting China Ltd.
20	Xinjiang Fuyun Mengku Iron Mine (East, Middle Sections)	SCN302	Anshun Xu	SRK Consulting China Ltd.
21	Xinjiang Qitai Heishantou Coal Mine	128511010-004-L-Rev0	Willem van der Schyff	Golder Associates Pty Ltd



## Chairman's Statement *(continued)*

- (b) There are seven "NI 43-101" technical standards mineral reserves reports which have been completed, the reserves are as follows:

Serial No.	Name of Mine (Project)	Type of Mine	Unit	Resources identified by "NI 43-101" CPR standards					Reserves identified by "NI 43-101" CPR standards		
				Measured	Indicated	Measured+ Indicated	Inferred	Total	Proved	Probable	Total
1 Golder	Fujian Zijinshan Gold and Copper Mine	Gold	Ore Volume (Mt)	93	130	224	25	248	97	123	220
			Grade (g/t)	0.46	0.39	0.42	0.4	0.42	0.41	0.35	0.37
			Metal Volume (t)	42.78	50.7	93.48	10	103.48	39.77	43.05	82.82
		Copper	Ore Volume (Mt)	126	298	424	118	542	147	280	427
			Grade (%)	0.5	0.47	0.48	0.44	0.47	0.41	0.365	0.38
			Metal Volume (10kt)	63	140.06	203.06	51.92	254.98	60.47	102.2	162.67
2 Golder	Jilin Hunchun Xiaoxinancha Gold and Copper Mine	Gold	Ore Volume (Mt)	55.89	80.48	136.38	29.62	165.99	40	49	89
			Grade (g/t)	0.45	0.43	0.44	0.44	0.44	0.48	0.47	0.47
			Metal Volume (t)	25.15	34.61	59.75	13.03	72.79	19.2	23.03	42.23
		Copper	Ore Volume (Mt)	55.89	80.48	136.38	29.62	165.99	40	49	89
			Grade (%)	0.18	0.17	0.17	0.16	0.17	0.19	0.18	0.18
			Metal Volume (10kt)	10.06	13.68	23.74	4.74	28.48	7.6	8.82	16.42
3 SRK	Xinjiang Ashele Copper Mine	Copper	Ore Volume (Mt)	15.43	9.9	25.33	11.21	36.54	15.25	7.64	22.89
			Grade (%)	2.51	1.42	2.07	2.04	2.06	2.5	1.55	2.18
			Metal Volume (10kt)	38.73	14.06	52.79	22.87	75.66	38.13	11.84	49.97
		Zinc	Ore Volume (Mt)	15.43	9.9	25.33	11.21	36.54	15.25	7.64	22.89
			Grade (%)	1.22	0.59	0.97	0.64	0.88	1.22	0.78	1.07
			Metal Volume (10kt)	18.82	5.84	24.66	7.73	32.39	18.61	5.96	24.57
4 SRK	Heilongjiang Duobaoshan Copper Mine	Copper	Ore Volume (Mt)	152.62	293.28	445.9	249.51	695.41	143.8	254.43	398.24
			Grade (%)	0.4	0.38	0.39	0.38	0.39	0.38	0.37	0.37
			Metal Volume (10kt)	61.05	111.45	172.5	94.81	267.31	54.8	93.9	148.7
		Molybdenum	Ore Volume (Mt)	152.62	293.28	445.9	249.51	695.41	143.8	254.43	389.24
			Grade (%)	0.012	0.012	0.012	0.019	0.015	0.012	0.011	0.012
			Metal Volume (10kt)	1.83	3.52	5.35	4.74	10.09	1.7	2.9	4.6
5 SRK	Hebei Chongli Dongping Gold Mine	Gold	Ore Volume (Mt)		11.72	11.72	15.27	26.99		8.26	8.26
			Grade (g/t)		2.76	2.76	2.3	2.5		2.84	2.84
			Metal Volume (t)		32.35	32.35	35.04	67.39		23.44	23.44
6 SRK	Inner Mongolia Aobao Gold Mine	Gold	Ore Volume (Mt)		33.45	33.45		33.45		18.75	18.75
			Grade (g/t)		0.71	0.71		0.71		0.75	0.75
			Metal Volume (t)		23.75	23.75		23.75		14.06	14.06
7 SRK	Xinjiang Fuyun Mengku Iron Mine (East, Middle Sections)	Iron	Ore Volume (Mt)		63.06	63.07	23.47	86.53		57.18	57.18
			Grade (%)		32.7	32.7	24.77	30.55		31.16	31.16
			Metal Volume (10kt)								

## Chairman's Statement *(continued)*

Signatories of "NI 43-101" technical standards mineral reserves disclosure reports:

Serial No.	Name of Mine (Project)	Report No.	Competent Person	Company Name
1	Fujian Zijinshan Gold and Copper Mine	137641005-002-L-Rev0	Ross Bertinshaw	Golder Associates Pty Ltd
2	Jilin Hunchun Xiaoxinancha Gold and Copper Mine	137641005-007-L-Rev0	Ross Bertinshaw	Golder Associates Pty Ltd
3	Xinjiang Ashele Copper Mine	SCN301	Anshun Xu	SRK Consulting China Ltd.
4	Heilongjiang Duobaoshan Copper Mine	SCN309	Yiefei Jia	SRK Consulting China Ltd.
5	Hebei Chongli Dongping Gold Mine	SCN308	Yiefei Jia	SRK Consulting China Ltd.
6	Inner Mongolia Aobao Gold Mine	SCN306	Yonglian Sun	SRK Consulting China Ltd.
7	Xinjiang Mengku Iron Mine (East, Middle Sections)	SCN302	Anshun Xu	SRK Consulting China Ltd.

### Highlight main responsibility for safety and environmental protection, significant improvement in safety and environmental protection

During the reporting period, a safety accident has been caused by a non-compliance operation in the trial production period of the 200,000 tonnes copper refinery which aroused a high attention from the Group. The Group took the lesson and strengthened the main responsibility for corporate safety and environmental protection, strengthened the job safety training to each post, reinforced the construction of safety and environmental protection facilities, established and improved soil and water conservation and the construction organizations and system for green mines, in which it achieved significant results for safety and environmental protection.

The safety facilities of Zijinshan joint development project and Zijin Copper Refinery project have successfully passed the examination. The construction of the subsequent rectification and comprehensive environmental management of Zijinshan gold and copper mine has been fully completed.

### Steady progress of mergers, acquisitions and integration projects

During the reporting period, the Group successfully acquired Australian Norton Gold Fields Limited, increased 180 tonnes resources/reserves and built an overseas platform; sold the equity interest of a Canada-listed company, Inter-Citic timely, which gained investment income of approximately RMB112 million; effectively integrated the resource of Gansu Yate and Longshan Gold in the Longnan area which is expected to have gold resource exceeding 200 tonnes; successfully completed the acquisition of Guangxi Longsheng county Pannei gold mine, etc. and the transfer of Yunnan Funing County Zhenglong Company.

### Steady progress of key projects construction

During the reporting period, the Group invested RMB4.319 billion in project construction. The following projects have been completed construction and commenced production: Zijin Copper's annual production of 200,000 tonnes copper refinery project, the second Zijinshan copper mine flotation process plant and copper hydrometallurgical plant, Heilongjiang Duobaoshan copper (molybdenum) daily process of 25,000 tonnes ore mining project, Inner Mongolia Jinzhong Bayanhaer gold mine project, Kuitun Tongguan refining 300,000 tonnes/year tailings comprehensive utilization of circular economy project, Luoning Zijin gold refinery project, Guizhou Zijin Zhenfeng refinery plant, innovation of Tarot oxide ore processing plant, etc. Kyrgyzstan Zuoan gold mine started construction comprehensively. The following key construction projects proceeded as planned and are expected to be completed and commenced production in 2013: Tuya zinc and multi-metals mine in Russia, Inner Mongolia Sanguikou daily process of 10,000 tonnes zinc mine project, etc.



## Chairman's Statement *(continued)*

### **Achieving new results for innovation of technology**

During the reporting period, the Group actively promoted energy saving, the utilisation of circular economy, clean production, etc., which is the leader within the industry in respect of the utilization of resource integration. The Group achieved the staged construction target of Zijinshan demonstration base for comprehensive utilization of gold, copper and other non-ferrous metals resources, which obtained RMB200 million financial support from the central government. A number of major research projects such as Zijinshan copper mine green recycling bio-copper extraction technological study, establishment of pressured heat oxidation leaching continuous test system have been kicked off.

The Group completed 23 patent applications (including 17 invention patents), of which 7 authorizations were obtained (including 4 invention patents). The Group organized and applied for 15 items for various kinds of scientific and technological achievements and won 8 awards from the China Gold Association, the provincial Department of Science and Technology and other units. The high purity zinc bullion produced by Bayannaer Zijin under the brand of "Zijin" (ZIJIN SHG) was successfully registered on the London Metal Exchange.

### **Steadily improved the standard of fundamental management and information management**

During the reporting period, the Group clearly defined the operation target, starting from establishing management process and objectives management planning, systematically strengthened the mining (stripping) plan of mines and the preparation of the Group's annual and three-year rolling production plan and improved the development of the internal economic responsibility system and its assessment. The Company's fundamental management standard has been improved comprehensively.

The Company implemented ERP project construction, completed the blueprint design and deployed the implementation of the seven modules, established a solid foundation for the implementation of informative, specified, standardized, meticulous management.

### **Actively and effectively fulfilled social responsibilities**

During the reporting period, after the approval of Ministry of Civil Affairs, the "Zijin Mining Charity Foundation" with contribution of RMB200 million by the Group was officially established.

The Group won the "Most Caring Donated Corporation" title of the seventh China Charity Award and other recognitions such as the "Fujian Red Cross Silver Medal", "Fujian Charity Award", "Outstanding Group Helping the Disabled under the Eleventh 5-year Plan", "Outstanding Chinese Enterprises of 2012 for Social Responsibility", etc.

After two years' litigation of Xinyi Zijin "9.21" case, it was finally resolved collectively by way of negotiation and mediation in a package settlement.

The Group made donation of RMB190 million for the year.

During the reporting period, the Group's total payroll and average income per staff increased by 19% and 10.1% respectively when compared with the same period last year. Some of the Group's subsidiaries started construction projects to meet the staff's basic housing needs.

## Chairman's Statement *(continued)*

### PROSPECTS

#### The Board's discussion and analysis for the Company's future development

##### **(1) Competition pattern and development trend on the industry**

In 2013, the world's economic situation is still complicated and variable, and expected to be recovered mildly. Gold price will remain at a high and volatile position under the effects of the loose monetary policy, geopolitical factors, etc., but the risk of price drop still exists. The metal commodity price may remain at a wide fluctuating pattern under the effects of oversupply and stimulative policy, but if the core price shifted downward that it would be difficult for metal commodity to have a bull market again. Competition in the industry will be increasingly stiffer and the difficulty in business operations will continue to intensify.

Looking at the industry, the corporate restructuring intensified, resources and benefits further concentrated to superior corporates and large-scale corporates. In the context of the economic downturn, there may be a re-shuffle for the industry.

Looking at the internal situation, after the hardships and tests of the "7.3" and "9.21" incidents in 2010, the Company had a new understanding and an improved awareness on scientific development, awareness of environmental safety, awareness on social responsibility and awareness on fundamental management standardization, etc. The Company's integrated strength and ability are still at the leading position within the metal mining industry in China. In general, there are more opportunities than challenges for the Company.

##### **(2) The Company's development strategy**

With the principle of upholding the mining as the main business, gold-priority, mining of basic metals simultaneously, the Company conditionally selected the extended business and related business for development. Being the leader in domestic gold industry and domestic mining industry, the Company will strive to rank among the top in the international miners and being a high-tech and efficient international mining group in 2020.

##### **(3) Business objectives**

The production volume of major products in 2013: mine-produced gold of approximately 33 tonnes, mine-produced copper of approximately 115,000 tonnes, mine-produced silver of approximately 125 tonnes, mine-produced zinc of approximately 80,000 tonnes, iron concentrates (containing iron calcine) of approximately 2.2 million tonnes; refinery and processed gold of approximately 47 tonnes, refinery silver of approximately 151 tonnes, refinery copper of approximately 200,000 tonnes and refinery zinc bullion of approximately 150,000 tonnes.

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



## Chairman's Statement *(continued)*

### **(4) Specific business strategy for 2013**

Study in-depth and follow the spirit of the Eighteenth National People's Congress of the Communist Party to promote innovation, work practically, speed up promoting new round of ventures, and deepen the establishment of fundamental management and informational management. The Company focuses on technological innovation and maintaining growth by saving cost and increasing efficiency to comprehensively enhance the quality and effectiveness of the corporate's growth, and ensures that there will be new growth in the corporate's scale and effectiveness in 2013.

#### **Vigorously promote the construction of ecological civilization, constantly enhance the standard of safety and environmental protection**

Environmental protection, soil and water conservation and construction of ecological civilization have to be organically combined to improve the consciousness and initiative of ecological civilization. The Company will work hard to achieve the harmonization of economic benefits, ecological benefits, resources benefits and social benefits.

The Company will pay attention to the safety and environmental protection work continuously, especially for Zijinshan gold and copper mine; strengthen environmental impact assessment of mine development, carry out study comprehensively for the geology of the mines and environmental geochemistry, and promote green mines construction vigorously.

#### **Implement a series of effective measures, ensure the mission for production operation completed**

The Company developed cost management evaluation system, fully implemented the economic responsibility system which used cost control and budget management as main measures to offset the cost rising factor at maximum. The Company prepared the 3-year and 5-year production operation rolling plans, and prepared the mining (stripping) plan, strengthened the management of the dynamic resources reserves; further enhanced the utilization standard and management standard of resources integration, maintained a stable, balanced and sustainable production operation. The Company highly concerned about the mining geological work and the collection and analysis of the geology information, strengthened marketing research and judgment and product sales management to avoid market price fluctuation risk effectively.

#### **Intensified major project acquisitions and exploration of resources**

The Company will enhance the quality of preparatory work for project acquisition, intensify investment for acquisition, strive for breakthroughs and accomplishments on acquisition of large-scale mining project, and substantially increase the Group's effective resources reserve and production scale.

The Company will strengthen geological study for key areas and key projects, confirm investment in geological exploration and strive for significant progress on prospecting and increasing reserves.

The Company will strengthen the building of exploration team and construction of digital geology, concern about engineering, hydrogeology and environmental geology work.

## Chairman's Statement *(continued)*

### **Focus on key construction projects**

Projects including Russia Tuva lead zinc and multi-metals mine (phase 1), Wulatehouqi Sanguikou lead zinc mine 3,300,000 tonnes/year mining and process project, Gansu Yate 6,000 tonnes/day floatation process project, Guizhou Xinhengji Huilong gold mine, etc. have been carefully organized to ensure their completion and production in second half of the year. The construction of Shaanxi Jinfeng Mining Xiaohe gold mine aims to be completed by the end of the year.

The Company will focus the efforts on the projects which provide important support and guarantee for future growth, complete the comprehensive development planning for Zijinshan copper mine as soon as possible, start preparatory work for expansion project, expand steadily the production capacity of Zijinshan copper mine, focus on the renovation and construction work for ZGC Jilao gold mine and Taror gold copper mine, promote the construction of Kyrgyzstan Zuoan gold mine project, accelerate the project construction of Guizhou Changtian gold mine and Taipingdong gold mine, and the renovation construction of Hunchun gold copper mine, Ashele copper mine and Australian Norton Gold Fields Limited, promote the preparatory work for the construction of Duobaoshan copper mine technological renovation phase 2, Shangri-la Lannitang copper gold mine, Liancheng Zijin copper molybdenum mine and Wuping Longjiangting copper mine, etc.

### **Tightly embrace the corporate itself to strengthen the study and use of technology**

Using the state's key laboratory and demonstration base construction as the lead and focusing on producing application-oriented research, the Company focuses on developing and breaking through key technologies which are supporting the development strategy, urgently needed for production, common or directive in nature. The Company will strive to achieve breakthroughs of international standards on researches of copper biological metallurgy, gold and other metal pressure and hydro-metallurgical to refine gold and industrial application; strengthen communication and exchanges between research units and production units; strengthen the technology and facilities research for a flow-shortened, efficient, low-cost way to treat industrial wastewater; actively organize application for scientific and technology projects, strengthen the management of scientific and technology achievements, and use the advanced technology to enhance the corporate's effectiveness.

### **Strengthen the establishment of the corporate's information system, comprehensively enhance the management standard of the corporate**

The Company will fully promote the establishment of the ERP project, strengthen the management and control of the Group, realize optimization of main business procedure; further promote the establishment of "Three standards as one", information standardization, management standardization and business flow standardization through effective management of finance, logistics, resources, production and construction, improve standardization construction of corporate operation, safety and environmental protection, equipment, information system, etc. and the application standard of integration, to establish an integrated, centralized and efficient management platform.



## Chairman's Statement *(continued)*

### **Further broaden the horizons, raise the status and focus on talent work**

The Company will gradually build up a scientific recruitment and appraisal system, stick to the "high pay for elites" principle to improve the recruitment level and improve the overall quality of the requirements for new employees, increase the proportion of non-local talents to intensify talent introduction.

The Company will adopt a mechanism adhere to market competition, focus on the nurturance of internal talents, put efforts on continuing education and training, improve talent evaluation and reward mechanism, retain the outstanding ones while dismiss the inferior ones to enhance the flow of talents.

### **(5) Future capital need, usage plan and sources of fund**

In accordance with the Company's preliminary plan, it is expected that the Company might invest approximately RMB5 billion in project construction and technology innovation, approximately RMB440 million in geological exploration, approximately RMB4-8 billion (rough estimation with uncertainty) in external capital investment such as mining rights investment and equity investment in 2013. All the capital expenditure mentioned above will be financed by the Group's internal resources, bank loans and other feasible financing methods.

### **(6) Possible risks**

The Company's main source of income was from metal products like gold, copper, zinc, iron, etc. If the price of gold, copper, zinc, iron, etc. fluctuate seriously in the future, the Company's operation results will become unstable. Especially when the price of gold dropped, greater pressure will be imposed on the Company's operation results.

The Group invested a lot of resources in environmental protection and safety, established a more sound and well-equipped safety, environmental protection production management, prevention and supervision system, especially after the "7.3" incident, the work for environmental protection and safety work significantly enhanced. However, mining is a relatively high risk business and the possibility to have accident exists. There is a long but crucial way to go for the work of corporate safety and environmental protection work.

## Chairman's Statement *(continued)*

### **(7) Status of special purpose vehicle under the Company's control**

To issue US dollar bonds overseas, the Company set up a wholly-owned subsidiary Zijin International Finance Company Limited ("Zijin International Finance") in April 2011 as the issuer, offered US\$480,000,000 in aggregate principal amount of 4.25 per cent credit enhanced bonds due 2016 to institutional and professional investors outside of the United States pursuant to Regulation S under the U.S. Securities Act in June and July 2011. The bonds are backed by a standby letter of credit issued by Bank of China, Paris Branch. The issue of the bonds is mainly used for purchase of copper concentrates and other overseas operations.

By order of the Board

**Chen Jinghe**

*Chairman*

Shanghang, Fujian, the PRC

27 March 2013



## Management Discussion and Analysis

The management of the Group hereby reports the discussion and analysis of 2012 operating results.

### Operating Results

During the reporting period, the Group recorded sales income of RMB48.415 billion in the year, representing an increase of 21.76% over the previous year (2011: RMB39.764 billion).

The table below sets out the sales by products for the two years ended 31 December 2011 and 2012:

Item  Product Name	2012 (Jan – Dec)			2011 (Jan – Dec)		
	Unit price (excluded tax)		Amount (RMB'000)	Unit price (excluded tax)		Amount (RMB'000)
	RMB	Volume		RMB	Volume	
Mine-produced gold	326.95/g	33,160kg	10,841,540	317.48/g	28,698kg	9,111,020
Refinery, processed and trading gold	338.09/g	58,254kg	19,694,800	335.92/g	56,815kg	19,085,510
Mine-produced silver	4.07/g	138,434kg	562,760	4.82/g	116,461kg	561,100
Mine-produced copper	42,003/t	106,561t	4,475,910	49,466/t	86,897t	4,298,480
Refinery copper	48,437/t	110,557t	5,354,980	51,062/t	2,578t	131,640
Mine-produced zinc	7,782/t	37,033t	288,180	8,923/t	35,632t	317,950
Refinery zinc	12,965/t	154,028t	1,996,920	14,482/t	186,841t	2,705,760
Iron concentrates	614/t	2.4014Mt	1,475,020	693/t	1.883Mt	1,304,390
Others			8,435,560			4,563,540
Less: Internal sales			-4,710,950			-2,315,470
<b>Total</b>			<b>48,414,720</b>			<b>39,763,920</b>

Note:

- During the reporting period, other sales income mainly includes: RMB689 million income from copper pipe, RMB650 million income from copper belts, RMB668 million income from tungsten products, RMB650 million from refinery and processing silver and RMB5.779 billion income from other products, intermediate services and other services.

The Group's 2012 sales revenue increased sharply compared with last year mainly because: (1) The sales volume of the Company's refinery products increased significantly over the last year: the sales volume of refinery, processed and trading gold and refinery copper increased by 2.53% and 4,188.37% respectively over the last year: in which RMB2.820 billion (before elimination) increase of sales revenue was attributed to the changes of sales volume of mineral products while RMB9.977 billion (before elimination) increase of sales revenue was attributed to the changes of sales volume of refinery and processed products.

## Management Discussion and Analysis *(continued)*

### AN ANALYSIS OF COST AND GROSS PROFIT MARGIN

The Group is mainly engaged in mine development. The Group's cost of sales mainly includes mining, processing and refining costs, ore transportation cost, raw materials consumption, salaries and depreciation of fixed assets.

The table below sets out the details of the unit cost of sales and gross profit margin by products for the two years ended 31 December 2011 and 2012. (Note 1)

Item	Unit cost of sales (RMB)				Gross profit margin (%)	
	2012 (Jan – Dec)	2011 (Jan – Dec)	Unit	Compared with same period last year %	2012 (Jan – Dec)	2011 (Jan – Dec)
Mine-produced gold (Note 2)	<b>120.82</b>	86.47	/g	39.72	<b>63.05</b>	72.76
Refinery, processed and trading gold	<b>335.03</b>	334.32	/g	0.21	<b>0.90</b>	0.48
Mine-produced silver	<b>2.05</b>	2.00	/g	2.78	<b>49.48</b>	58.53
Mine-produced copper	<b>14,511</b>	13,318	/t	8.96	<b>65.45</b>	73.08
Refinery copper (Note 3)	<b>50,069</b>	N/A	/t	N/A	<b>-3.37</b>	N/A
Mine-produced zinc	<b>2,697</b>	2,758	/t	-2.22	<b>65.34</b>	69.09
Refinery zinc	<b>13,243</b>	14,695	/t	-9.88	<b>-2.15</b>	-1.48
Iron concentrates	<b>221</b>	212	/t	4.24	<b>63.99</b>	69.37
Overall					<b>24.87</b>	30.75
Overall (refinery and processing enterprises excluded)					<b>64.94</b>	72.69

Note 1: The gross profit margin by products were analyzed based on the figures before offsetting internal sales, the overall gross profit margin was calculated after offsetting internal sales.

Note 2: If the effect of the 2012 acquired project, Norton Gold Fields Ltd. was eliminated, the Group's unit cost of sales of mine-produced gold would be RMB109/g representing an increase of 26% over the same period last year, the gross profit margin of mine-produced gold would be 66.7%, representing a decrease of 6.06 percentage points.

Note 3: The Company's 200,000 tonnes copper refinery was in trial run in 2012, the refinery copper in last year was the by-product from a zinc refinery project, so, its cost is not comparable.

The Group's overall gross profit margin is 24.87%, representing a decrease of 5.88 percentage points over the same period last year. It was mainly attributed to the increase in the sales income proportion with low gross profit margin in the refinery, processing and trading sector; the overall gross profit margin (excluding processed and refined products) is 64.94%, representing a decrease of 7.75 percentage points over the same period last year. During the reporting period, the adverse impact of decrease in selling price and increase in costs resulted in the general decline of gross profit margin as compared to the same period last year.



## Management Discussion and Analysis *(continued)*

The table below sets out the details of the direct cost structure for the two years ended 31 December 2011 and 2012.

Product	Cost structure	Amount for the current period (RMB)	Current amount to total cost %	Amount for the same period last year (RMB)	Amount for the same period last year to total cost %	Changes for current amount over same period last year %
Mine-produced gold	Raw materials	1,832,229,659	45.74%	1,064,276,507	42.89%	72.16%
	Salary	464,708,839	11.60%	286,917,607	11.56%	61.97%
	Depreciation	332,837,298	8.31%	174,711,135	7.04%	90.51%
	Energy consumption	271,666,374	6.78%	179,300,111	7.23%	51.51%
	Others	1,104,741,626	27.58%	776,308,453	31.28%	42.31%
Mine-produced silver	Raw materials	153,684,647	54.06%	129,652,957	55.72%	18.54%
	Salary	25,942,469	9.13%	25,312,351	10.88%	2.49%
	Depreciation	33,588,830	11.81%	25,072,472	10.77%	33.97%
	Energy consumption	19,127,498	6.73%	15,611,960	6.71%	22.52%
	Others	51,956,280	18.28%	37,052,042	15.92%	40.23%
Mine-produced copper	Raw materials	698,177,979	45.15%	493,949,801	42.68%	41.35%
	Salary	122,815,910	7.94%	103,186,925	8.92%	19.02%
	Depreciation	134,960,599	8.73%	118,924,637	10.28%	13.48%
	Energy consumption	204,970,612	13.26%	132,130,466	11.42%	55.13%
	Others	385,417,610	24.92%	309,115,363	26.71%	24.68%
Mine-produced zinc	Raw materials	50,316,781	50.37%	48,761,587	49.61%	3.19%
	Salary	8,931,797	8.94%	9,675,162	9.84%	-7.68%
	Depreciation	8,866,287	8.88%	10,704,683	10.89%	-17.17%
	Energy consumption	9,961,158	9.97%	9,219,857	9.38%	8.04%
	Others	21,814,886	21.84%	19,927,693	20.27%	9.47%
Iron concentrates	Raw materials	348,747,414	65.66%	289,468,764	72.45%	20.48%
	Salary	20,068,803	3.78%	14,454,414	3.62%	38.84%
	Depreciation	35,711,215	6.72%	25,401,496	6.36%	40.59%
	Energy consumption	42,393,619	7.98%	34,320,943	8.59%	23.52%
	Others	84,202,443	15.85%	35,902,020	8.99%	134.53%

Note 1: The cost structure – raw materials include the cost of purchasing raw and auxiliary materials and outsourcing. The major energy consumption is electricity.

Note 2: A large number of engineering works of the mining of the corporate's mines were outsourced, in which the outsourcing cost was included in raw materials.

During the reporting period, the effect of the increase of processing low-grade ores, the increase of raw and auxiliary materials prices, the rise of labour costs, and the increased inputs in safety and environmental protection, led to the increase in costs. The unit selling costs of the main products like mine-produced gold, mine-produced copper, and iron concentrates increased by 39.72%, 8.96% and 4.24% respectively. Among the main products of the Group, only the prices of gold increased over the same period last year and the prices of other products dropped significantly. The unit selling prices of the main products like mine-produced silver, mine-produced copper, mine-produced zinc, and iron concentrates decreased by 15.56%, 15.09%, 12.79% and 11.40% respectively.

### INFORMATION OF MAJOR SUPPLIERS AND CUSTOMERS

During the reporting period, the Group's total purchases from the five largest suppliers amounted to RMB4,921.48 million, representing 13.46% of the total purchases of the Group.

## Management Discussion and Analysis *(continued)*

Details of the five largest suppliers are as follows

Supplier	Transaction amount in 2012 (RMB)	Transaction amount to total procurement amount (%)
Shanghai Gold Exchange	2,414,265,635.31	6.60
Ma Husai	857,866,478.78	2.35
Cao Jiasheng	845,797,887.83	2.31
Jilong Mining	452,072,819.19	1.24
Wancheng Commercial Dongshengmiao Co., Ltd.	351,480,078.13	0.96

During the reporting period, the Group's total sales income from the five largest customers amounted to RMB27,965,022,874, representing 57.76% of the total income of the Group.

Details of the five largest customers are as follows

Customer	Transaction amount in 2012 (RMB)	Percentage to operating income (%)
Shanghai Gold Exchange	23,456,655,918	48.45
Jinchuan Group Co., Ltd.	1,842,104,333	3.80
Fujian Shanghang Taiyang Copper Co., Ltd.	1,273,887,849	2.63
Xinjiang Bayi Steel Group Co., Ltd.	726,358,808	1.50
Jinlong Copper Co., Ltd.	666,015,966	1.38
Total	27,965,022,874	57.76

### SELLING EXPENSES

During the reporting period, the Group's selling expenses has increased by 37.76% over last year to RMB596,860,000 in 2012 (2011: RMB433,260,000). The increase in selling expenses was mainly due to the increase in sales volume and the unit cost for transportation, rendering an increase in transportation cost by RMB87,150,000 in Qinghai West and RMB52,990,000 in Xinjiang Jinbao respectively over the same period last year. In addition, the selling and distribution of products after the commencement of the production in Zijin Copper's refinery plant and Xiamen Gold Marketing Company's expansion in gold selling business also contributed to the increase in selling expenses.



## Management Discussion and Analysis *(continued)*

### ADMINISTRATIVE EXPENSES

During the reporting period, the Group's administrative expenses in 2012 amounted to RMB1,874,250,000 which represented an increase of 16.46% over last year (2011: RMB1,609,340,000). It was mainly due to: the increase in commodity price under inflation, the transition from construction phase to commencement of production of Zijin Copper, Qinghai Company, Duobaoshan copper mines, etc., the Group increased RMB136,250,000 in administrative labour cost (including salaries, staff welfare, social insurances and housing contributions, etc.), representing an increase of 27.37% over the same period last year; In addition, the Group recorded an increase in depreciation expenses of RMB46,300,000 for fixed assets, such as the office buildings, motor vehicles, etc., the increase in consultancy fee of RMB39,580,000, the increase in exploration expenses of RMB24,120,000.

### FINANCIAL EXPENSES

During the reporting period, the Group's total financial expenses was RMB803,970,000, representing an increase of 61.96% over the same period last year (2011: RMB496,400,000). The increase of financial expenses was mainly due to the commencement of production of the two refinery projects, and the increase in acquisition projects causing the increase in demand of capital and the gold leasing and the bank loans. In addition, the issue of US dollar bonds last year also increased the interest expenses over the same period last year.

### ASSETS IMPAIRMENT LOSSES

During the reporting period, the Group's assets impairment losses were RMB270,720,000 (2011: RMB202,880,000), in which, RMB27,810,000 was provided for intangible assets impairment loss; RMB41,820,000 was provided for loss in stock valuation; RMB34,890,000 was provided for fixed assets impairment loss after impairment tests; RMB113,980,000 was provided for impairment loss in available-for-sale investments; RMB45,000,000 was provided for impairment loss in other non-current assets, and RMB7,220,000 was provided for bad debt provision.

### GAIN/LOSS ON CHANGES IN FAIR VALUE

During the reporting period, the Group's gain on changes in fair value was RMB12,990,000 representing an increase of RMB70,120,000 over last year (2011: loss of RMB57,130,000). It was mainly due to an increase in unrealised gain in shares investment of the Group in 2012.

### DERIVATIVE FINANCIAL INSTRUMENTS

The settled portion:

During the reporting period, the Group's profit in relation to futures business was RMB226,120,000 (2011: loss of RMB30,360,000), in which the headquarters made a profit of RMB23,610,000, Zijin Copper made a profit of RMB102,710,000, Luoyang Zijin Yinhuai made a profit of RMB86,030,000 and other subsidiaries made a profit of RMB13,770,000.

The unsettled position:

As at 31 December 2012, the Group's gold future contracts position was 834kg, copper future contract position was 29,890 tonnes, and silver future contract position was 12,525kg. The total recognized but unrealized loss was RMB28,820,000 in total (2011: gain of RMB10,580,000).

The net gain on changes in fair value (in comparison with spot price) in unsettled gold leasing and gold future position entered for hedging risk of price fluctuation was RMB50,910,000 (2011: net gain of RMB6,090,000).

## Management Discussion and Analysis *(continued)*

### WORKING CAPITAL AND SOURCES OF FUND

As at 31 December 2012, the Group's cash and cash equivalents was RMB6,315,000,000, representing an increase of RMB1,398,000,000 or 28.43% over the same period last year.

During the reporting period, net cash inflow generated from the Group's operating activities was RMB5,408,000,000, representing a decrease of RMB982,000,000 over the same period last year, in which, the cash inflow generated from operating activities was RMB52,739,000,000, representing an increase of RMB9,884,000,000 over the same period last year; cash outflow used in operating activities was RMB47,332,000,000, representing an increase of RMB10,868,000,000 over the same period last year. The main reason for the decrease in net cash inflow generated from the Group's operating activities was due to the increase in production costs and resources tax resulted from processing of low cut-off grade ores and the decrease of selling prices in copper and silver, etc. over the same period last year.

During the reporting period, net cash outflow used in the Group's investing activities was RMB9,936,000,000, representing an increase of RMB2,232,000,000, in which, the main investing expenditure included (1) cash payment of RMB7,996,000,000 for the Group's purchase and construction of fixed assets, intangible assets and other long-term assets; (2) cash payment of RMB2,228,000,000 for the Group's external investment; (3) cash payment of RMB1,009,000,000 for other investing activities.

During the reporting period, net cash inflow generated from the Group's financing activities was RMB5,935,000,000, representing an increase of RMB3,402,000,000 over the same period last year. It was mainly due to the increase in loan financing.

As at 31 December 2012, the Group's total borrowings amounted to RMB13,558,000,000 (31 December 2011: RMB6,349,000,000). Among which, the amount repayable within one year was approximately RMB6,904,000,000, the amount repayable within two to five years was approximately RMB3,318,000,000, the amount repayable within more than five years was approximately RMB3,336,000,000. The interest rates of all bank borrowings range from 1.16% to 7.87% p.a. (2011: range from 2.9% to 7.61%).

The Group's daily capital requirements and capital expenditures for maintenance nature can be financed from its internal cash flow. The Group also has loan facilities with no usage restriction of approximately RMB64 billion provided by the major banks.



## Management Discussion and Analysis *(continued)*

### RESEARCH AND DEVELOPMENT EXPENDITURE

RMB

Expensed research and development expenditure for the year	88,482,452
Capitalized research and development expenditure for the year	25,475,738
Total research and development expenditure	113,958,190
Percentage of total research and development expenditure to net assets (%)	0.3393
Percentage of total research and development expenditure to operating income (%)	0.2354

### OPERATION ANALYSIS BY INDUSTRY, PRODUCTS OR REGION

RMB'000

By product	Operating income	Operating cost	Gross profit margin (%)	Change of operating income compared with last year (%)	Change of operation cost compared with last year (%)	Change of gross profit margin compared with last year (percentage points)
Mine-produced gold	10,841,540	4,006,180	63.05	18.99	61.44	-9.71
Refinery, processed and trading gold	19,694,800	19,516,910	0.90	3.19	2.75	0.42
Mine-produced silver	562,760	284,300	49.48	0.30	22.17	-9.05
Mine-produced copper	4,475,910	1,546,340	65.45	4.13	33.62	-7.63
Refinery copper	5,354,980	5,535,470	-3.37	3,967.84	4,407.08	N/A
Mine-produced zinc	288,180	99,890	65.34	-9.36	1.63	-3.76
Refinery zinc	1,996,920	2,039,770	-2.15	-26.20	-25.71	-0.67
Iron concentrates	1,475,020	531,120	63.99	13.08	32.93	-5.38
Others	8,435,560	7,190,600	14.76	84.85	104.69	-8.26
Offsetting internal sales	-4,710,950	-4,375,720				
Total	48,414,720	36,374,860	24.87	21.76	32.10	-5.88

Note: The analysis by product is based on the figures before elimination of internal sales.

### Regional information of the main business

Business of the Company is mainly concentrated in the Mainland, and the transactions of gold products, the Group's main product, were conducted and settled through the Shanghai Gold Exchange, information about the ultimate customers is unknown. Therefore, geographical segment information is not disclosed.

## Management Discussion and Analysis *(continued)*

During the reporting period, the analysis of the changes in income statement of the Company:

RMB

Items	2012	2011	% Change	Reasons for the change
Operating income	48,414,719,206	39,763,915,441	21.76	Mainly due to the increase in revenue from the subsidiaries which commenced production in the year, in which the revenue from the refinery plants contributed a relatively large portion
Operating cost	36,374,864,074	27,536,543,588	32.10	Mainly due to the increase in operating cost from the subsidiaries which commenced production in the year, in which the operating cost from the refinery plants contributed a relatively large portion
Selling expenses	596,860,745	433,256,436	37.76	Mainly due to the increase in sales volume of copper and iron by the Group
Administrative expenses	1,874,254,433	1,609,339,207	16.46	Mainly due to the increase in enterprises turning from infrastructure phase into production phase, and the newly-acquired enterprises by the Group
Financial expenses	803,965,178	496,400,784	61.96	Mainly due to the expansion of scale of financing by the Group for the year
Research and development expenditure	113,958,190	97,680,601	16.66	
Taxes and surcharges	541,098,426	382,045,241	41.63	Mainly due to the increase in product sales
Asset impairment losses	270,720,072	202,878,294	33.44	Mainly due to the provision of impairment loss in long-term held shares
Gains/(losses) on changes in fair value	12,986,146	(57,130,642)	(122.73)	Mainly due to the changes in fair value of derivative instruments for the year
Non-operating income	220,898,413	134,572,479	64.15	Mainly due to the reversal of over-provision of compensation expenses in previous years
Non-operating expenses	270,666,100	466,367,867	(41.96)	Mainly due to the decrease in the Group's donations and loss on disposal of non-current assets



## Management Discussion and Analysis *(continued)*

### Analysis of the Core Competitive Strength

Resources are the basis for the survival and development of mining companies. Through years of exploration investment and acquisitions, the Group has become one of the top enterprises in the country controlling the largest amount of gold and non-ferrous metal resources. The Company has a number of geological and metallurgical professional experts and scholars who provide resource analysis and form an efficient resource evaluation system which accommodates the Company's decisive decision-making mechanism that being the advantage in controlling resources.

The Group has high-level research and development platforms such as the state's key laboratory of integrated use of low-grade refractory gold resources, state-level enterprise technical centre, academicians and experts workstations, postdoctoral workstations, Fujian non-ferrous metal mineral resources development engineering technology research centre, etc. In the aspects of research and application in the technical areas such as mineral resources exploration, open pit steep slope mining technology, heap leach processing and refinery technology, bio-copper extraction technology, chalcopyrite acidic heat pressing/atmospheric pre-oxidation, refractory gold mine heat pressing/atmospheric pressure chemical catalytic oxidation pretreatment, solid waste resourcing, etc., the Group has won wide recognition in the industry with such achievements.

Up to the end of 2012, the Group has independently completed more than 560 different technological projects, obtained more than 150 proprietary technologies with over 100 intellectual property rights formed among the technological research results, taking up including 11 national projects such as the national science and technology support program, project 863, project 973, innovation capacity-building, etc., and more than 20 provincial science and technology projects, gained 39 scientific and technological awards from provincial ministerial level and above (including: 16 first class awards). The Group has applied for 148 national patents (102 invention patents), in which 67 patents (including 27 invention patents) were approved.

### GEARING RATIO

Gearing ratio is defined as the ratio of consolidated total liabilities to consolidated total equity. As at 31 December 2012, the Group's consolidated total liabilities was RMB33,771,455,302 (it was RMB22,187,522,375 as at 31 December 2011), and the Group's consolidated total equity was RMB33,582,965,739 (it was RMB30,132,676,957 as at 31 December 2011). As at 31 December 2012, the Group's gearing ratio was 1.006 (it was 0.736 as at 31 December 2011).

### PROFITS ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT AND EARNINGS PER SHARE

The Group's profits attributable to shareholders of the parent as at 31 December 2012 was approximately RMB5,211,208,977, representing a decrease of 8.78% over approximately RMB5,712,569,100 in 2011.

For the year ended 31 December 2012, the Group's earnings per share (basic) was RMB0.24, representing a decrease of 7.69% over the previous year. (The calculation of earnings per share is based on the profit for the year attributable to shareholders of the parent of RMB5,211,208,977 (2011: RMB5,712,569,100) and the number of 21,811,963,650 ordinary shares (2011: 21,811,963,650 shares) in issue during the year.)

## Management Discussion and Analysis *(continued)*

### INCOME TAX EXPENSES

	RMB	
	2012	2011
Current tax expenses		
—Mainland China	<b>2,497,883,147</b>	2,527,306,040
—Hong Kong	<b>—</b>	3,041
Deferred tax expenses	<b>(95,077,144)</b>	(161,532,801)
	<b>2,402,806,003</b>	2,365,776,280

Reconciliation of income tax expenses to profit before tax is as follows:

	RMB	
	2012	2011
Profit before tax	<b>8,556,059,317</b>	9,276,301,689
Income tax calculated at the applicable tax rate (Note 1)	<b>2,139,014,829</b>	2,319,075,422
Effect of different tax rates of certain subsidiaries	<b>(84,222,712)</b>	16,582,695
Underprovision in prior years	<b>87,418,802</b>	16,212,501
Income not subject to tax (Note 2)	<b>(96,322,880)</b>	(175,773,204)
Expenses not deductible for tax purposes (Note 3)	<b>56,891,085</b>	89,678,618
Previous tax losses utilised	<b>(971,453)</b>	(21,547,998)
Effect of unrecognized deductible temporary differences and deductible tax losses	<b>300,998,332</b>	121,548,246
Income tax expenses calculated at the Group's effective tax rate	<b>2,402,806,003</b>	2,365,776,280

Note 1: Provision for the PRC enterprise income tax expenses has been made at applicable tax rates based on the taxable profits. For the year 2012, there was no assessable profit arising in Hong Kong. (2011: Provision for Hong Kong profits tax has been made at the rate of 16.5% multiplied by 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 enterprise operates.

Note 2: Included share of profits of long-term equity investments under the equity method of RMB242,514,892 for the year 2012 (2011: RMB205,253,368).

Note 3: Included donations not deductible for tax purposes of RMB15,913,590 for the year 2012 (2011: RMB124,631,890).

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



## Management Discussion and Analysis *(continued)*

### NET CURRENT ASSETS

		RMB
	<b>2012</b>	2011
Current assets	24,333,698,904	17,931,875,798
Less: Current liabilities	22,978,617,534	16,364,642,839
Net current assets	1,355,081,370	1,567,232,959

### TOTAL ASSETS LESS CURRENT LIABILITIES

		RMB
	<b>2012</b>	2011
Total assets	67,354,421,041	52,320,199,332
Less: Current liabilities	22,978,617,534	16,364,642,839
Total assets less current liabilities	44,375,803,507	35,955,556,493

## Directors, Supervisors and Senior Management

### EXECUTIVE DIRECTORS

Mr. Chen Jinghe, aged 56, graduated from Fuzhou University with a bachelor's degree in geology and obtained an EMBA degree. He is a professor grade senior engineer, a specialist who enjoys special allowance from the State Council, a delegate to the Tenth, Eleventh, and Twelfth People's Congress of Fujian province and the vice-president of the China Gold Association. Mr. Chen has been appointed as the chairman of the Company since 2000. From August 2006 to November 2009, he also served as the president of the Company.

Mr. Luo Yingnan, aged 56, graduated from Fuzhou University with a bachelor's degree in geology. He is a professor grade senior engineer. Mr. Luo was appointed as director and general manager of the Company from August 2000 to August 2006. From August 2006 to November 2009, he served as the vice-chairman of the Company. Currently, Mr. Luo is a director and president of the Company.

Mr. Liu Xiaochu, aged 66, graduated from Fuzhou University with a bachelor's degree in physics. He has been serving as vice-chairman of the Company since August 2000. Mr. Liu Xiaochu resigned as executive director and vice-chairman with effect from 28 March 2012 due to his health issue.

Mr. Qiu Xiaohua, aged 55, graduated in Department of Economics of Xiamen University, and received his Ph.D. in economics from Beijing Normal University. He has worked with China National Offshore Oil Corporation, China Center for International Economic Exchanges, TX Investment Consulting Co., Ltd. and has been appointed as a part-time professor for Renmin University of China, Xiamen University, University of Science and Technology of China, Beijing Normal University and China Institute of Socialism. He has been appointed as a chairman of China National Conditions Research Association, a vice chairman of National Statistical Society of China, a researcher for the Financial Research Center of Chinese Academy of Social Sciences, China Society of Economic Reform, the Research Center of Ministry of Agriculture of the People's Republic of China and National Center for Economic Research at Tsinghua University. He has been appointed as vice-chairman of the Company since 28 May 2012.

Mr. Lan Fusheng, aged 49, graduated from Fuzhou University with a bachelor's degree in geology and obtained a master's degree in business administration. From August 2000 to August 2006, Mr. Lan was appointed as a director and standing deputy manager of the Company. Mr. Lan has been serving as a vice-chairman of the Company since August 2006.

Mr. Zou Laichang, aged 45, graduated from Fujian Agriculture and Forestry University Forestry College with a bachelor's degree in chemistry and obtained an MBA degree. He is a senior engineer. Since March 1996, Mr. Zou has held several senior positions within the Company, including deputy director of gold refinery plant, standing deputy head of the institute of mining and refining design and research, deputy chief engineer and chief engineer. Mr. Zou was a director and senior vice-president from August 2006 to November 2009. Currently, he is a director and standing vice-president of the Company.

Mr. Huang Xiaodong, aged 58, graduated from Hefei University of Technology with a specialisation in computing, and obtained an EMBA degree. Mr. Huang has been an engineer of the Computer Science Research Institute in Fujian, and department head of the Science and Technology Committee in Fujian. He has been an assistant to the general manager of Huamin (Group) Company Limited, and the deputy general manager of Chinalco (Fujian) Ruimin Company Limited. Mr. Huang served as the chief economist of the Company and standing deputy chief and chief of Zijinshan Gold and Copper Mine in 2005. From August 2006 to November 2009, he was appointed as director and senior vice-president of the Company. Currently, he is a director and vice-president of the Company.



## Directors, Supervisors and Senior Management *(continued)*

### NON-EXECUTIVE DIRECTOR

Mr. Peng Jiaqing, aged 68, is a senior economist, and the vice-chairman of the Fujian Technology Economic and Modernization Management Association. Mr. Peng graduated from Fujian Normal University majoring in Chinese linguistics in 1968. He has been the chief secretary of Liupanshui Guizhou provincial government, deputy branch manager of Xiamen branch, branch manager of Zhangzhou branch and deputy office supervisor of the Fujian provincial branch of Industrial and Commercial Bank of China. Mr. Peng has been serving as a non-executive director of the Company since June 2008.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Yuchuan, aged 79, is an academican of the Chinese Academy of Engineering. He is a famous expert in Mine and Geology in the world. He has been the chief engineer in the former geology and mine ministry, and head of the Chinese Academy of Geology Sciences, vice-chairman of the International Association of the Genesis of Ore Deposits, member of the course evaluation team for the State Council Degree Committee, and member of the 9th National People's Political Consultative Conference. Mr. Chen is the officer of the Science Committee for the Chinese Academy of Geology Sciences and head of the Mine and Geology Specialist Committee. He is a part-time professor of Beijing University, Nanjing University, etc. Mr. Chen has been serving as an independent non-executive director of the Company since August 2006.

Mr. Lin Yongjing, aged 70, is a senior accountant, a registered certified public accountant ("CPA"), and a registered valuer. He graduated from Xiamen University, department of economics with accounting specialisation. He was formerly the director and chief accountant of the Fujian Huaxing Certified Public Accountants. He was the head of Fujian Assets Valuation Centre, the director of the Fujian State-owned Property Bureau, and vice chief-officer of Fujian Provincial Financial Bureau and a committee member of the 7th Provincial People's Political Consultative Conference of Fujian. He is an expert specially invited by National State-owned Property Management Committee and a senior member of China Appraisal Society. He is a specially invited professor of Fujian Economics and Management College and part-time professor of Jiangxi Finance University. Mr. Lin has been serving as an independent non-executive director of the Company since August 2006.

Mr. Su Congfu, aged 67, graduated from Beijing Steel Institute with mining specialisation. Mr. Su is a professor grade senior engineer. He has been the chief of Anqing Copper Mine, and an assistant to the general manager of Tongling Non-ferrous Metal Group Company, deputy director of Anhui Metallurgy Department, and manager of Anhui Gold Company, head of the Metallurgy Department of Anhui Economics and Commerce Committee, and an assistant inspector of the Bureau of Work Safety in Anhui. He has been serving as an independent non-executive director of the Company since August 2006.

Mr. Wang Xiaojun, aged 58, obtained Master of Laws from the Chinese Academy of Social Sciences in 1986. He is a practicing solicitor admitted in the UK, PRC and Hong Kong. He joined The Stock Exchange of Hong Kong Limited in 1992. From 1993 to 1996, he worked with Richards Butler. In 1996, he served as an associate director of BNP Paribas Peregrine Capital Ltd. From 1997 to 2001, he served as a director of ING Barings Investment Bank. In 2001, he established X.J. Wang & Co., and in 2004, X.J. Wang & Co., formed an association with Jun He Law Offices. He is currently a partner of Jun He Law Offices. Mr. Wang has been serving as an independent non-executive director of the Company since November 2009.

## Directors, Supervisors and Senior Management *(continued)*

### **SUPERVISORY COMMITTEE AND SUPERVISORS**

Mr. Lin Shuiqing, aged 49, tertiary educated. He has been a deputy secretary, head of town and secretary of Zhongdu Town of Shanghang County Communist Party. Mr. Lin has been a director of Shanghang County Communist Party office, and a standing member of the Shanghang County Communist Party. He has been director of Shanghang County Tongzhanbu and Secretary of Shanghang County Non State-owned Economic Working Committee. Mr. Lin has resigned as a civil servant. He has been serving as the chairman of the Supervisory Committee of the Company since November 2009.

Mr. Xu Qiang, aged 62, tertiary educated, is a senior accountant, registered CPA, and registered valuer. He has been the deputy director of Fujian Huaxing Certified Public Accountants and the director of Fujian Asset Valuation Centre. Mr. Xu has been appointed as a supervisor of the Company since August 2000. He has been serving as the vice-chairman of the Supervisory Committee of the Company since August 2006.

Mr. Lin Xinxi, aged 51, tertiary educated, he has been a committee member and secretary of the disciplinary council of Diantian Town of Shanghang County Communist Party. Mr. Lin has been an inspector, standing member, and deputy secretary of the disciplinary council of Shanghang County Communist Party, and a committee member of the 15th Committee of the People's Congress of Shanghang County. He has been the chairman of supervisory committee of Minxi Xinghang State-owned Assets Investment Company Limited. Mr. Lin has resigned as a civil servant. He has been serving as a supervisor of the Company since November 2009.

Mr. Liu Xianhua, aged 57, a senior engineer. Mr. Liu joined the Company in October 1996, he has been previously the vice-chief of Zijinshan Gold Mine, secretary of Communist Party branch of Zijinshan Gold Mine and standing vice-chief of Zijinshan Gold Mine, chief commander of Zijinshan Copper Mine construction command unit, chief of Zijinshan Gold and Copper Mine, chairman of Heilongjiang Duobaoshan Copper Company Limited, general manager and chairman of Xinjiang Wuqia Jinwang Mining Development Company Limited, general manager of Zijin Mining Group Northwest Company Limited, general manager of Liancheng Zijin Mining Company Limited, and president assistant of the Company. He currently is the chairman of the labour union of the Company. He has been serving as a supervisor representing workers and staff of the Company since November 2009.

Mr. Zhang Yumin, aged 62, secondary educated, he was previously a financial officer and an assistant to the factory manager of Fujian Shunchang Yuankeng Cement Plant, manager of the finance department of the Xinhua Hotel. He joined the Company as the assistant finance manager and officer of assets department in 2000. He has currently been serving as an officer of the audit department. Mr. Zhang has been serving as the supervisor representing workers and staff of the Company since August 2006.



## Directors, Supervisors and Senior Management *(continued)*

### SENIOR MANAGEMENT

Mr. Xie Chengfu, aged 47, graduated from Changchun College of Geology with a bachelor's degree in mine exploration. He is a senior engineer. In 1994, he joined the Company as plant manager of gold refinery plant, and then held the positions of chief of Zijinshan Gold Mine, assistant to general manager and deputy general manager of the Company, chairman and general manager of Hunchun Zijin Mining Company Limited. He has been serving as a vice-president of the Company since August 2006.

Mr. Liu Rongchun, aged 49, graduated from Central-South Institute of Mining and Metallurgy with a bachelor's degree in geology. Mr. Liu is a senior engineer. In December 1993, he joined the Company as chief commander of Zijinshan Copper Mine construction command unit, and then held the positions of deputy chief of Zijinshan Gold Mine, chief officer of office, secretary of the discipline council, assistant to general manager, deputy general manager and chief of Zijinshan Gold Mine. Mr. Liu was the general manager and chairman of Xinjiang Zijin Mining Co., Ltd. Mr. Liu has been serving as a vice-president of the Company since August 2006.

Mr. Lin Hongfu, aged 39, graduated from Chongqing Steel College majoring in smelting steel alloy and an MBA holder. In August 1997, Mr. Lin joined the Company as an assistant to plant manager of gold refinery plant and director of the electrolysis plant, and then held the positions of deputy plant manager, plant manager, deputy chief of Zijinshan Gold Mine. Mr. Lin was the general manager and chairman of Bayannaer Zijin Non-ferrous Metals Company Limited. He has been serving as a vice-president of the Company since August 2006.

Ms. Lin Hongying, aged 43, tertiary educated, a senior accountant, she has been an accountant in the finance department of transformer plant in Shanghang County. Ms. Lin joined the Company in 1993 and held the positions of accountant, deputy manager and manager of finance department and assistant financial controller, etc. She has been serving as the financial controller of the Company since November 2009.

Mr. Zheng Yuqiang, aged 59, graduated from The Open University of Fujian in enterprise management. Mr. Zheng is an economist. He has been the director and secretary to the Board of Directors for Fujian Sannong Group Company Limited. Mr. Zheng has been serving as the secretary to the Board of Directors for the Company since June 2001.

Mr. Fan Cheung Man, aged 52, obtained a master's degree in business administration from the University of New England, Australia. He is an associate member of The Hong Kong Institute of Certified Public Accountants, and a fellow member of The Association of Chartered Certified Accountants, UK. He has been a deputy general manager of Hungtai Electronic Factory and a financial controller of Vigers HK Limited. Mr. Fan has been serving as the company secretary (HK) for the Company since December 2004.

## Directors, Supervisors and Senior Management *(continued)*

### POSITION HELD IN SHAREHOLDER'S COMPANY AND OTHER COMPANIES BY CURRENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### 1. Position held in shareholder's company

Name	Name of shareholder's company	Position	Date of appointment	Date of cessation
Liu Xiaochu	Xinhuadu Industrial Group Co., Ltd.	Director	December 1999	
Lin Xinxi	Minxi Xinghang State-owned Assets Investment Co., Ltd.	Chairman of supervisory committee	30 August 2008	30 August 2015

#### 2. Position held in other companies

Name	Name of company	Position	Date of appointment	Date of cessation
Liu Xiaochu	Hunan Nonferrous Metals Corporation Limited	Supervisor	1 September 2005	28 May 2015
Liu Xiaochu	Fujian Hong Bo Printing Corporation Ltd.	Independent director	22 February 2010	22 February 2013
Lin Yongjing	Greatown Holdings Ltd.	Independent director	21 July 2011	21 July 2014
Lin Yongjing	Hainan Zhenghe Industrial Group Co., Ltd.	Independent director	15 January 2010	15 January 2013
Chen Yuchuan	China Hanking Holdings Limited	Independent director	16 September 2011	16 September 2014
Chen Yuchuan	Chongyi Zhangyuan Tungsten Co.,Ltd.	Independent director	25 November 2010	24 November 2013
Lan Fusheng	China Hanking Holdings Limited	Non-executive director	30 January 2012	30 January 2015
Wang Xiaojun	Yanzhou Coal Mining Company Limited	Independent director	20 May 2011	20 May 2014
Wang Xiaojun	NORINCO International Company Limited	Independent director	10 January 2011	10 January 2014



## Report of the Directors

The directors of the Company (“Directors”) hereby submit the Report of the Directors and the audited financial statements of the Group for the year ended 31 December 2012.

### **PRIMARY BUSINESS**

The Company is principally engaged in the exploration, mining, processing, refining and sale of gold and non-ferrous metals and other mineral resources, and is a large mining conglomerate primarily engaged in the production of gold and non-ferrous metals. The Company mainly produces gold bullion of 99.99% and 99.95% purity under the “ZIJIN” brand, copper cathodes and zinc bullion, etc. In 2012, the sales of gold products represented 59.39% (after elimination) of the total sales and other related income, and the net profit of the gold business represented about 76.91% of the total net profit attributable to the owners of the parent. There were no significant changes in the nature of the Group’s principal activities during the reporting period.

Details regarding the key businesses of the Group’s subsidiaries and associates are set out in notes IV.1 and V.10 to the financial statements, respectively.

### **OPERATING RESULTS**

The operating results of the Group for the year ended 31 December 2012 are set out in the financial statements on pages 97 to 320.

## Report of the Directors *(continued)*

### Use of proceeds

#### (1) Overall use of proceeds

RMB'000

Year	Type of financing	Total proceeds	Proceeds used in this reporting period	Accumulated use of proceeds	Total unused proceeds	Usage and placement of unused proceeds
2008	Initial Public Offering	9,806,960.20	415,697.60	9,984,294.40	0	/
Total	/	9,806,960.20	415,697.60	9,984,294.40	0	/

The Company's initial public offering raised net proceeds of A Shares of RMB9,806,960,200 in April 2008 in the PRC. As at 31 December 2012, all the proceeds had been used up and the accumulated use of proceeds was RMB9,984,294,400 (interest included).



## Report of the Directors *(continued)*

### (2) Use of proceeds for different projects

Project Name	Project amended	Proposed investment	Investment for the year	Actual investment	On schedule	Progress	Expected gains	Gains generated	Expected gains achieved	Explanation of projects did not meet the expected progress and gains	Reasons for amendments and procedure for change of use of proceeds
1. Zijinshan Gold and Copper Mine joint open pit mining project	No	1,522,526.8		1,524,113.2	Yes	Construction basically completed		2012: Production of gold of 16,376.07kg; mine-produced copper cathodes of 2,106.70 tonnes; copper concentrates containing copper of 14,909.40 tonnes, realized net profit of RMB2,755,122,200 (included the production capacity before technological innovation)	Yes		
2. Hunchun Zijin Shuguang Gold and Copper Mine technological innovation and expansion project	No	461,500	4,435.2	461,815.6	Yes	Construction completed and commenced production		2012: Production of gold of 2,556.57kg; copper of 9,637.58 tonnes; realized net profit of RMB688,027,900 (included the production capacity before technological innovation)	Yes		
3. 200 tonnes daily refractory gold processing and refining project	No	198,094		198,094	Yes	Construction completed and commenced production		2012: Production of processed gold of 5,279.08kg; silver of 19,852.75kg; realized net profit of RMB17,506,700	Yes		
4. Mining resources exploration project	Yes	17,067.6		17,067.6	Yes						
5. Acquisition of the exploration right in Zhongjiao Copper Mine Wuziqilong Jintongshu section project	No	196,800		196,800	Yes	Acquisition completed					

RMB'000

## Report of the Directors (continued)

### (2) Use of proceeds for different projects (continued)

Project Name	Project amended	Proposed investment	Investment for the year	Actual investment	On schedule	Progress	Expected gains	Gains generated	Expected gains achieved	Explanation of projects did not meet the expected progress and gains	Reasons for amendments and procedure for change of use of proceeds	RMB'000
												/
6. Increase capital injection in Zijin Tongguan for the acquisition of equity interest in Monerico Metals plc project	No	603,000		603,000	Yes	Acquisition completed						
7. Acquisition and development of the ZGC Gold Mine in Tajikistan	Yes	763,629.7		763,706.9	Yes	Acquisition completed, under development and construction		2012: Production of gold of 1,511.51kg, realized net profit of RMB203,057,500				
8. Acquisition of 70% interest in Zijin Longying (Tuva Lead Zinc Mine)	No	271,600		271,600	Yes	Acquisition completed						
9. Comprehensive Utilisation of Circular Economy for the Qinghai Deermi Tailings Project	Yes	342,105.1	100,340	355,767.90	Yes	Project construction basically completed, entering into pilot production		2012: Production of iron calcine of 163,000 tonnes, sulfuric acid of 290,300 tonnes, realized net loss of RMB50,905,400				
10. 200,000 tonnes/year copper refinery project of Zijin Copper Co., Ltd.	Yes	807,835.40	310,922.40	824,329.20	Yes	Project construction basically completed, entering into pilot production		2012: Production of refinery and processed copper of 108,000 tonnes, sulfuric acid of 515,600 tonnes, realized net loss of RMB206,675,600				
11. Supplemental working capital	Yes	4,768,000		4,768,000	Yes							
Total	/	9,952,158.6	415,697.60	9,984,294.40	/	/	/	/	/	/	/	/

Note 1: The results of projects no. 4, 5, 6 and 8 cannot be assessed individually in short-term, in which projects no. 5, 6 and 8 are acquisitions of mineral rights. Upon the completion of the acquisition, the Company will have an increase in resources reserves and strengthen its core competencies, which will be beneficial to the Company's development in the long-run. Projects no. 9 and 10 are in trial production, in which debug and adjustment for the production process are required. Since the projects did not meet the production target, the costs increased and hence led to a loss.

Note 2: For the details of the use of proceeds, please refer to the specific report.



## Report of the Directors *(continued)*

### (3) Status of change of use of proceeds

		RMB'000								
Total proceeds for the new projects		1,149,940.5								
Name of new project	Corresponding original project	Proposed investment	Investment for the year	Actual investment	On Schedule	Income projection	Gains	Progress	Expected gains achieved	Explanation of projects did not meet the expected progress and gains
Comprehensive Utilization of Circular Economy for the Qinghai Deerni Tailings Project	Mining resources exploration project	342,105.1	100,340.00	355,767.90	Yes		2012: Production of iron calcine of 163,000 tonnes, sulfuric acid of 290,300 tonnes, realized net loss of RMB50,905,400	Project construction basically completed, entering into pilot production		In trial production which debug and adjustment for the production process are required. Since the project did not meet its production capacity, the cost was high and hence led to a loss.
200,000 tonnes/year Copper Refinery Project of Zijin Copper Co., Ltd.	Acquisition & development of the ZGC Gold Mine in Tajikistan and supplemental working capital	807,835.4	310,922.40	824,329.2	Yes		2012: Production of refinery and processed copper of 108,000 tonnes, sulfuric acid of 515,600 tonnes, realized net loss of RMB206,675,600	Project construction basically completed, entering into pilot production		In trial production which debug and adjustment for the production process are required. Since the project did not meet its production capacity, the cost was high and hence led to a loss.
<b>Total</b>	<b>/</b>	<b>1,149,940.5</b>	<b>411,262.40</b>	<b>1,180,097.1</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>/</b>

The investment period and cycle for the mining resources exploration project is relatively long, that the risk associated with the investment in exploration is high, and that it is difficult to accurately estimate the investment returns. Thus, according to the approval of the first 2010 extraordinary general meeting, the proposed investment sum of RMB342,105,100 (including interest) not yet applied towards the mineral resources exploration project will be re-directed and invested in the Comprehensive Utilization of Circular Economy for the Qinghai Deerni Tailings Project. This change has been announced in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") (for details please refer to the circular dated 3 November 2010).

Due to the difficulty in the overseas logistic and other reasons, the development projects of ZGC Gold Mine in Tajikistan have been delayed. To improve the efficiency of use of proceeds, according to the proceeds management of the Company and the approval of 2010 annual general meeting, the unused proceeds of RMB552,527,200 (including interest) and the unused proceeds of RMB255,308,200 from supplemental working capital (including interest) will be injected in the 200,000 tonnes/year Copper Refinery Project of Zijin Copper Co., Ltd. (for details please refer to the notice of 2010 annual general meeting dated 13 April 2011).

## Report of the Directors *(continued)*

### Analysis of major subsidiaries and associates

Operations status and result analysis of the Company's major subsidiaries

RMB'000

Company name	Major products	Registered capital	Total assets	Net assets	Net profit
Xinjiang Ashele Copper Company Limited	Copper concentrates	250,000	2,003,770	1,580,430	649,020
Qinghai West Copper Mining Company Limited	Copper concentrates	120,000	1,617,800	1,041,410	541,780
Hunchun Zijin Mining Company Limited	Copper and gold concentrates	200,000	2,185,860	2,046,820	688,030
Xinjiang Jinbao Mining Company Limited	Iron concentrates	50,000	955,760	694,110	418,550
Hebei Chongli Zijin Mining Company Limited	Gold	237,500	923,430	693,730	351,430
Guizhou Zijin Mining Company Limited	Gold	200,000	1,653,200	764,170	310,210
Luoning Huatai Mining Development Company Limited	Gold	20,000	632,970	350,350	139,770
Wulatehouqi Zijin Mining Company Limited	Zinc concentrates	150,000	1,332,530	502,400	182,950
Malipo Zijin Tungsten Company Limited	Tungsten products	1,000,000	2,187,540	1,374,300	154,380
Yuanyang County Huaxi Gold Company Limited	Gold	150,000	462,670	268,340	45,430
Shanxi Zijin Mining Company Limited	Gold	159,100	303,250	248,620	108,570
Bayannaer Zijin Non-ferrous Metals Company Limited	Zinc bullion	375,000	3,409,610	987,630	(81,170)
JV Zeravshan LLC	Gold	184,720	1,651,830	282,820	203,060
Zijin Copper Company Limited	Copper cathode	1,818,300	10,043,630	1,616,660	(206,680)
Heilongjiang Duobaoshan Copper Company Limited	Copper concentrates	800,000	2,679,360	884,990	41,270



## Report of the Directors *(continued)*

Operations status and result of subsidiaries or associates affecting the Company's net profit for over 10%

RMB'000

Company name	Total assets	Net assets	Income from main business	Profit from main business	Net profit
Xinjiang Ashele Copper Company Limited	2,003,770	1,580,430	1,753,840	1,118,610	649,020
Qinghai West Copper Mining Company Limited	1,617,800	1,041,410	1,440,240	731,170	541,780
Hunchun Zijin Mining Company Limited	2,185,860	2,046,820	1,175,070	751,000	688,030

### Use of non-proceeds

RMB billion

Project name	Amount	Progress	Investment for the year	Actual investment	Gains
Russia Tuva zinc and multi-metals mine	2.692	Expected to complete the construction and put into production by the end of 2013	0.722	2.165	Planned to produce about 90,000 tonnes of zinc a year
Gansu Yate Li county gold mine project	0.77	Expected to complete the construction of the main building of 6,000 tonnes/day floatation process plant; completed building of 150,000 cubic metres of tailing dam in aggregate; completed renovation for warehouses and office buildings, etc.	0.202	0.232	Planned to produce about 5 tonnes of gold a year
Kyrgyzstan Zuoan gold mine project	1.12		0.216	0.216	Planned to produce about 3.7 tonnes of gold
Phase 1 of Heilongjiang Duobaoshan Copper project	2.66128	Put into production in May 2012	0.674	2.395	Upon meeting production capacity for phase 1, production of about 25,000 tonnes of copper cathodes a year
Technological innovation of ZGC Gold Mine in Tajikistan	1.298		0.559	0.559	Upon completion of technological innovation, increased production of about 3.5 tonnes of gold a year
Wulatehouqi Zijin Sanguikou Lead Zinc Mine	0.91	Put into production by the end of 2013	0.384	0.79	Planned to produce about 70,000 tonnes of zinc a year
Total	9.45128	/	2.757	6.357	/

## Report of the Directors *(continued)*

### MAJOR LITIGATION AND ARBITRATION

Summary and type of event	Index for details
<p>On 21 September 2010, the collapse of Yinyan Tin Mine Gaoqiling tailing pool dam of Xinyi Zijin Mining Company Limited (“Xinyi Zijin”) was affected by the extreme weather brought by typhoon “Fanapi”, and the collapse of the main dam of Shihuadi hydropower plant in Qianpai Town, Xinyi City, resulting in casualties and property damage downstream. The local government and the affected people sued several defendants including Xinyi Zijin in Xinyi City People’s Court.</p>	<p>For details, please refer to the Company’s announcements on HKEx website (<a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>): dated 9 March 2012 and 13 September 2012.</p>
<p>On 7 March 2012, under the auspices of the Xinyi City People’s Court, Xinyi Zijin reached the mediation agreement with the plaintiffs in relation to 15 claims for damages resulting from the collapse of buildings in Shuanghe Village located in the downstream of Shihuadi hydropower plant. The total compensation payable by Xinyi Zijin to the plaintiffs is RMB4,745,738.71 (including the advance payment of RMB1,200,000) and the litigation costs borne by Xinyi Zijin is RMB75,792. The General Charity Federation of Shanghang County of Fujian Province donated RMB4,745,739 to Qianpai Town, Xinyi City to assist the families of the casualties in 15 claims.</p>	
<p>On 12 September 2012, under the auspices of the Xinyi City People’s Court, Xinyi City People’s Government and Xinyi City Qianpai Town People’s Government, on behalf of the affected villagers and the relevant units in the “9.21” incident, reached an agreement with Xinyi Zijin regarding the package settlement of the damage claims of the “9.21” incident. Except for the property damage claims of 9 hydropower plants, including Shihuadi, and a water plant listed in the agreement, all the property damage related to the “9.21” incident within the Xinyi City area (including both personal and public property loss) was mediated and resolved as a package according to the amount agreed. The compensation amounted to RMB245,000,000 (including the compensation funds, litigation costs and other expenses for all the items within the scope of compensation). Xinyi Zijin reserved the right to seek recovery from those defendants.</p>	
<p>The 9 hydropower plants including Shihuadi and a water treatment plant made a claim of RMB52,284,733 to Xinyi Zijin for the property damage, the relevant litigation was in progress.</p>	



## Report of the Directors *(continued)*

Currency: RMB'000

During the reporting period:

Plaintiff(s)	Defendants	Jointly and severally liable parties	Type of proceedings (arbitration)	Basic information of proceeding (arbitration)	Amount involved in proceedings (arbitration)	Whether expected liabilities and amount are formed for the proceedings (arbitration)	Progress of proceedings (arbitration)	Hearing results and impacts of proceeding (arbitration)	Execution progress of verdict (arbitration)
Zijin Mining Group Company Limited	Zhongxing Henghe Investment Group Company Limited	Nil	Civil	On 28 April 2010, the plaintiff entered into a Share Transfer Framework Agreement with the defendant. Since the defendant failed to refund the deposit on time, the plaintiff filed the claims.	45,000		Case is still in progress		
Hubei Province Hefeng County Zijin Mining Company Limited	Hefeng County Hongfeng Mining Company Limited	Nil	Civil	On 5 August 2011, the plaintiff entered into a Mining and Exploration Rights Transfer Agreement with the defendant. Since the defendant breached the contract, the plaintiff filed the claims.	20,000		Pre-payment of RMB4 million from the plaintiff is returned, plaintiff requested the continuation of performance of the contract. Case is still in progress.		

## Report of the Directors *(continued)*

### EXTERNAL EQUITY INVESTMENT

- 1) According to the cooperation agreement entered into among the Company's subsidiary, Fuyun Jinshan Mining Company Limited ("Fuyun Jinshan"), Xinjiang Jinbao Mining Company Limited ("Xinjiang Jinbao") and Turpan Yurun Iron and Steel Industry Trading Company Limited ("Yurun Iron") on 9 January 2012, the parties jointly invested to establish Xinjiang Aleitai Jinhao Iron Company Limited ("Jinhao Iron"), in the respective shareholding ratios of 51%, 10% and 39%. The initial registered capital of the new company was RMB10 million, which will be subsequently increased to RMB500 million, in which Fuyun Jinshan will invest RMB187.10 million as contribution in kind, RMB18.90 million as land use right, and RMB49 million in cash; Xinjiang Jinbao will invest RMB50 million in cash; Yurun Iron will invest RMB195 million in cash. As at 31 December 2012, the registered capital of Jinhao Iron has increased to RMB500 million. Jinhao Iron is principally engaged in the production and sales of iron, and the purchase, processing and sales of iron ore and iron concentrate powder.
- 2) On 20 December 2012, Heilongjiang Zijin Longxing Mining Company Limited ("Heilongjiang Longxing") increased its registered capital from RMB450 million to RMB550 million. Zijin Mining Group Northeast Asia Company Limited ("Northeast Asia Zijin"), a wholly owned subsidiary of the Company, increased its investment of RMB70 million in proportion to its 70% shareholding in Heilongjiang Longxing. Heilongjiang Longxing, through its controlling subsidiaries, is engaged in the development of Russia Tuva zinc and multi-metals mine.
- 3) According to a resolution passed in an investment committee meeting of the Company on 15 February 2012, Luoning Zijin Gold Refinery Company Limited ("Luoning Zijin") increased its registered capital from RMB100 million to RMB180 million. Luoning Huatai Mining Development Company Limited, a subsidiary of the Company, invested RMB80 million in proportion to its 100% shareholding in Luoning Zijin. Luoning Zijin is principally engaged in gold refinery business.
- 4) On 21 November 2012, Zijin Mining Group Southwest Company Limited ("Southwest Company"), a wholly owned subsidiary of the Company, and Xiamen Minxing Investment Company Limited invested to establish Yunnan Zixing Mining Investment Company Limited ("Yunnan Zixing"). The registered capital of Yunnan Zixing was RMB50 million in which Southwest Company invested RMB25.50 million and held 51% equity interest in Yunnan Zixing. Yunnan Zixing is principally engaged in external investment and the management of the investment projects.
- 5) The Company entered into the "Bid Implementation Deed" with Norton Gold Fields Limited ("Norton") on 31 May 2012. Through the Company's wholly owned subsidiary, Jinyu (H.K.) International Mining Company Limited ("Jinyu"), the Company issued a conditional off-market cash offer takeover bid of A\$0.25 (equivalent to approximately RMB1.535) per share to all the shareholders of Norton including all new shares to be issued by the exercise of options in accordance with the relevant terms before the close of the offer. As at the date of close of offer, the Company acquired approximately 89.15% equity interest in Norton (including 16.98% interest in Norton which was already held by the Company before the offer). The transaction amount of this takeover offer was an equivalent of approximately RMB1,031,039,268. Norton is mainly engaged in gold exploration and mining operations in Australia and its main asset is Paddington gold mine project.



## Report of the Directors *(continued)*

- 6) On 1 April 2012, the Company and natural persons Liu Zhendong and Pan Jianyun entered into an agreement, in which the registered capital of Guangxi Longsheng County Dexin Mining Company Limited (“Dexin Mining”) was increased from RMB31.5 million to RMB105 million. The Company invested RMB53.55 million in cash, representing 51% interest after the increase of capital of Dexin Mining. Funing County Zhenglong Gold Mining Exploration Company Limited (“Funing Zhenglong”), a subsidiary of the Company, invested RMB19.95 million in cash, representing 19% interest after the increase of capital of Dexin Mining. On 20 August 2012, Funing Zhenglong and Southwest Company, the subsidiary of the Company, entered into an equity transfer agreement in which Funing Zhenglong transferred 19% equity interest in Dexin Mining held by it to Southwest Company at a consideration of RMB20,386,573. The Company and Southwest Company together hold 70% interest in Dexin Mining. According to the evaluation report issued by Shaanxi Qinde Mining Rights Asset Appraisal Company Limited, using the discounted cash flow method and the method of exploration cost-effectiveness, the assessed value of the mining rights of Pannei gold mine and the exploration rights of Dadi gold mine was RMB80.6255 million. Dexin Mining is principally engaged in the development of Pannei gold mine in Guangxi.
- 7) On 28 December 2012, Fujian Zijin Investment Company Limited (“Zijin Investment”), a wholly owned subsidiary of the Company, and Fujian Longxiang Electricity Group Company Limited (“Longxiang Group”) entered into an equity transfer agreement in which Zijin Investment acquired 45% equity interest in Fujian Shanghang Jinshan Hydro Power Company Limited (“Shanghang Jinshan Hydro Power”) held by Longxiang Group at a consideration of RMB189.80 million. After the completion of the acquisition, the Company will hold 100% equity interest in Shanghang Jinshan Hydro Power. On the date of this announcement, the transfer was not completed. According to the evaluation report issued by Xiamen City University Assets Appraisal Co., Ltd. using the income approach, the assessed value of the entire equity interests of Shanghang Jinshan Hydro Power was RMB482,881,642.94.
- 8) On 20 September 2012, Zijin Mining Group Northwest Company Limited (“Northwest Company”), a wholly owned subsidiary of the Company, and Sinotech Minerals Exploration Co., Ltd. (“Sinotech”) entered into an equity transfer agreement in which Northwest Company acquired 20% equity interest in Wuqia County Jinwang Mining Development Company Limited (“Wuqia Jinwang”) held by Sinotech at a consideration of RMB80 million. After the completion of the acquisition, Northwest Company held 100% equity interest in Wuqia Jinwang. According to the evaluation report issued by Xinjiang Jinchengxin Asset Appraisal Firm using the asset-based approach, the assessed value of the Wuqia Jinwang’s net asset was RMB401,268,100. Wuqia Jinwang is principally engaged in the exploration and development of the Wulagen lead zinc mine in Wuqia, Xinjiang.
- 9) On 31 January 2012, Shaanxi Ankang Zijin Mining Co., Ltd. (“Ankang Zijin”), the Company’s wholly owned subsidiary, and a natural person, Lin Jingrong, entered into an equity transfer agreement in which Ankang Zijin acquired 70% equity interest in Ankang Jinfeng Mining Company Limited (“Ankang Jinfeng”) held by Lin Jingrong at a consideration of RMB122.50 million. According to the evaluation report issued by Shaanxi Qinde Mining Rights Asset Appraisal Company Limited, using the discounted cash flow method for mining rights and evaluation of exploration right value by unit area method for exploration rights, the assessed value of rights of Shaanxi province Xunyang county Xiaohe gold mine district (including mining and exploration rights value) was RMB203,574,700. Ankang Jinfeng is principally engaged in the exploration of gold mines in Shaanxi Ankang.

## Report of the Directors *(continued)*

- 10) On 10 January 2012, the Company and Gansu Jinhui Wine Group Company Limited (“Gansu Jinhui Wine”) entered into an equity transfer agreement in which the Company acquired 15% equity interest in Gansu Yate Mining Company Limited (“Gansu Yate”) held by Gansu Jinhui Wine at a consideration of RMB99 million. After the completion of the acquisition, the Company held 75% equity interest in Gansu Yate. According to the evaluation report issued by Shaanxi Qinde Mining Rights Asset Appraisal Company Limited, using the discounted cash flow method, the assessed value of mining rights for Dujiagou Gold Mine was RMB657,474,800 on the assessment day.

### DISPOSAL OF ASSETS

RMB

Transaction parties	Asset disposed	Disposal date	Disposal price	Net profit of asset disposed contributed to listed company from the beginning of the year to the disposal date	Gains or losses arising on disposal	Connected transaction (If yes, explain pricing principles)	Pricing principle for asset disposal	Completion of transfer of rights of property	Completion of transfer of creditor's rights and liabilities	Proportion of net profit generated by asset disposal contributed to listed company to their total profit (%)	Connected relationship
Shandong Zhaojin Group Zhaoyuan Gold Refinery Company Limited	20% of the shares in Shandong Guoda	19 March 2012	131,842,178.08			No	Valuation	Yes	Yes		
Wenshan Longxing Mining Co., Ltd.	51% of the shares in Funing Zhenglong	29 August 2012	29,875,696.32			No	Valuation	Yes	Yes		

Pursuant to the “share transfer agreement of Shandong Guoda Gold Company Limited” entered into between China Gold Development Group (H.K.) Limited (“China Gold Development Company”), the Company’s subsidiary, and Shandong Zhaojin Group Zhaoyuan Gold Refinery Company Limited (“Zhaojin Group”), China Gold Development Company transferred 20% equity interest (equivalent to 34,686,000 shares) in Shandong Guoda Gold Company Limited (“Shandong Guoda”) to Zhaojin Group at a consideration of RMB131,842,178.08. After the transfer, China Gold Development Company held 30.05% equity interest (equivalent to 52,114,000 shares) in Shandong Guoda. According to the asset valuation report issued by Zhaoyuan Hongyuan Asset Appraisal Firm, using the replacement cost method and current market price method, the assessed value of Shandong Guoda’s net asset was RMB659,612,000 on 30 September 2011, the assessment day.

Pursuant to the “share transfer agreement of Funing Zhenglong Gold Mining Exploration Company Limited” entered into between Zijin Mining Group Southwest Company Limited (“Southwest Company”), the Company’s subsidiary, and Wenshan Longxing Mining Co., Ltd. (“Wenshan Longxing”) dated 29 August 2012 and the supplemental agreement signed on 19 September 2012, Wenshan Longxing acquired 51% equity interest in Funing County Zhenglong held by Southwest Company at a consideration of RMB29,875,696.32. After the acquisition, Southwest Company did not hold any equity interest in Funing Zhenglong. According to the asset valuation report issued by Guangxi Jiachengda Asset Appraisal Company Limited, the market price of Funing Zhenglong’s fixed assets was RMB20,097,446.85 on the assessment day; according to the evaluation report issued by Yunnan Luyuanheng Mining Rights Assessment Company Limited, the assessed value of the mining rights of Funing Zhenglong Zhesang gold mine was RMB38,975,200.



## Report of the Directors *(continued)*

### DEREGISTRATION OF COMPANY

The Company's subsidiary, Hunan Jinfeng Mining Company Limited was incorporated by the Company in 2007. It was mainly engaged in the development of vanadium ore. Hunan Jinfeng Mining Company Limited was deregistered on 8 March 2012.

### MATERIAL CONNECTED TRANSACTIONS

Transactions	Index for details
<p>Fujian Shanghang Ting River Hydropower Co., Ltd. ("Ting River Hydropower") is a subsidiary of Minxi Xinghang State-owned Assets Investment Co., Ltd., the Company's substantial shareholder. Ting River Hydropower is also an associate of Zijin Mining Group Finance Co., Ltd. ("Zijin Finance"). Zijin Finance provides financial services to Ting River Hydropower. As at the end of the reporting period, Zijin Finance has provided loans in the amount of RMB39.15 million to Ting River Hydropower.</p>	<p>For details, please refer to the Company's announcement on HKEx website (<a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>) of the Hong Kong Stock Exchange dated 2 March 2011.</p>
<p>The Company's subsidiary, Xinjiang Ashele Copper Co., Ltd. ("Xinjiang Ashele"), sold copper concentrates to China Non-ferrous Metals Import and Export Xinjiang Company, the wholly owned subsidiary of Xinjiang Non-ferrous Metals Industry (Group) Company Limited, a substantial shareholder of Xinjiang Ashele. It is Xinjiang Ashele's ordinary business in selling copper concentrates and the contract is entered into under normal commercial terms, which reflects the principle of fairness and reasonableness. As at the end of the reporting period, Xinjiang Ashele sold copper concentrates amount to RMB62.27 million to China Non-ferrous Metals Import and Export Xinjiang Company.</p>	<p>For details, please refer to the Company's announcements on HKEx website (<a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>) of the Hong Kong Stock Exchange dated 23 March 2012.</p>

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

Accordingly, it is confirmed by the Directors that:

- (a) The connected parties in the above connected transactions have undertaken to the Company and the Stock Exchange to provide adequate access for auditors' inspection of the relevant books and records, in order to review the above connected transactions and prepare the relevant reports.
- (b) The Company has undertaken to the Stock Exchange, if it is aware or has reasons to believe that the independent non-executive directors and/or auditors are unable to confirm that the relevant transactions comply with the Listing Rules and the restrictions under the waiver conditions that the Company must immediately notify the Stock Exchange. The Company may have to comply with the relevant requirements of the Listing Rules to disclose and obtain independent shareholders' approval, or make corrections based on the instructions of the Listing Division of the Stock Exchange.

## Report of the Directors *(continued)*

- (c) Independent directors of the Group have confirmed that all the connected transactions of the Company or its subsidiaries involved in the year 2012 were:
1. entered into in the ordinary and usual course of business of the Company or its subsidiaries;
  2. entered into on normal commercial terms; or where no comparisons are available, then under terms which are fair and reasonable to the shareholders of the Company;
  3. entered into under the terms of the agreement governing such transactions; or where no such agreement is available, under terms not inferior from those available from or to independent third parties.
- (d) The Group's auditors have reviewed the transactions (details of which are set out in note VI to the financial statements), and confirmed to the Board that:
1. the transactions have been approved by the Board;
  2. terms of the agreement of the relevant transactions are attached to the connected transactions;
  3. the aggregated amounts of the transactions have not exceeded the respective announced annual caps.

In addition, no director has any interests in the material contracts.

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year.

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

Save as disclosed above, please refer to the note VI to the financial statements for the details of commodity purchase, labour offering and other related party transactions.

### **THE COMPANY'S CORE TECHNICAL TEAM OR KEY TECHNICIANS**

The Company's core technical team is composed of experts from geology, metallurgy, chemical industry, management, and is represented by Chen Jinghe. The Group has different kinds of scientific and technical personnel of 3,439 people, in which 32 staff are professor grade senior engineers, 1,325 staff with intermediate to senior grade, 231 staff with master degree or above and 8 experts receiving special allowances from State Council. This forms a research and development team with the professor grade senior engineers as academic leaders, in combination of the elders, middle-age and the youngsters, reasonable knowledge structure and well equipped with necessary professions, high-quality, and complex technological innovation.

Through signing of contracts with the core technical staff by the Group, the stabilization and retaining of talents are ensured; through the signing of confidentiality agreement in relation to science and technology, to prevent the loss of core technology of the Company as a result of turnover of staff; core technology is protected by the national law to prevent loss through the active application for intellectual property protection in the forms of patents, technology secrets, etc.



## Report of the Directors *(continued)*

During the reporting period, there was no major changes in the Company's core technology team and key technology management personnel and did not have any significant impact on the Company's core competitiveness.

### STAFF OF THE COMPANY AND THE MAJOR SUBSIDIARIES

#### (1) STAFF

The number of current staff of the Company	3,186
The number of current staff of the major subsidiaries	19,887
Total number of current staff	23,073
Retired employees that the Company and the major subsidiaries is responsible for the retirement expenses	211

#### Profession structure

Classification	Number of Staff
Production	12,810
Sales	227
Technical	3,439
Finance	582
Administration	6,015
Total	23,073

#### Education

Classification	Number of Staff
Master degree and above	231
Bachelor degree	2,811
Tertiary education	4,259
Secondary school or below	15,772
Total	23,073

#### (2) REMUNERATION POLICY

According to the Company's strategy and the actual development, the Company established the overall salary structure in combination of the basic salary as the main body, supplemented by performance bonuses, allowances and benefits. The Company's remuneration management implements the strategy of "high pay for elites", which is to provide basic salary at levels with market competitiveness, and at the same time to continuously improve the quality of staff; while implementing performance bonus assessment management system based on improvement in efficiency and management, fully stimulate the staff's potential at all levels. Also, in addition to the payment of social insurance and housing fund for employees in accordance with the law, the Company also provides employees with welfares such as the supplementary medical insurance, paid vacation, festivals fees, etc. In order to stabilize workforce and retain the Company's core and key talents, the Company also implemented middle-term to long-term incentive payment policy.

## Report of the Directors *(continued)*

### (3) TRAINING PROGRAMMES

According to the annual training programme in combination of the requirements for the improvement in the regional management control system, the Group organized the management seminars, mining/mineral processing knowledge training for non-mining staff, new employee training and other projects. The Group's headquarters departments and affiliated enterprises carried out supervision system management training for backbone staff, training programmes covered mining and extraction programme planning, safety knowledge on hazardous chemicals, specific training in finance, logistics, human resources for ERP system, and effectively improved the vocational skills of the trainees.

### OUTSOURCING STATUS

Working hours of outsourcing services	Measured on quantity in mining and striping production
Total outsourcing payment	RMB1,640,418,143

### DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND SUPERVISORS OF THE COMPANY

As at 31 December 2012, the interests of the Directors or supervisors of the Company in the shares or equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange are as follows:

Shareholdings of Directors and supervisors in the Company as at 31 December 2012:

Director	Number of domestic shares/amount of equity interest held	Nature of interest	Long/short positions	Approximate percentage of shareholding in the same class of securities	Approximate percentage of shareholding in the registered capital
Chen Jinghe	132,000,000	Personal	Long	0.84%	0.61%
Luo Yingnan	7,500,000	Personal	Long	0.05%	0.03%
Lan Fusheng	7,500,000	Personal	Long	0.05%	0.03%
Zou Laichang	1,500,000	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 or debentures of the Company, or has exercised any such option.

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



## Report of the Directors *(continued)*

### SHARE CAPITAL AND SHAREHOLDERS

#### CHANGE OF ISSUED SHARES

As at 31 December 2012, the Company has issued 21,811,963,650 ordinary shares of RMB0.1 each.

Unit: share

	31 December 2012	31 December 2011
Domestic shares/A shares	<b>15,803,803,650</b>	15,803,803,650
H shares	<b>6,008,160,000</b>	6,008,160,000
<b>Total shares</b>	<b>21,811,963,650</b>	21,811,963,650

#### SHAREHOLDING STRUCTURE

As at 31 December 2012, the Company has a total of 906,652 shareholders, of which 1,030 are holders of H shares and 905,622 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. (Notes 2 & 3)	Domestic shares	6,316,353,180	28.96%
	H shares	42,528,000	0.19%
	Total	6,358,881,180	29.15%
2. HKSCC Nominees Limited (Note 1)	H shares	5,976,854,121	27.40%
3. Xinhua Industrial Group Co., Ltd.	Domestic shares	2,425,081,279	11.12%
4. Xiamen Hengxing Group Co., Ltd.	Domestic shares	322,903,789	1.48%
5. Shanghang County Jinshan Trading Co., Ltd.	Domestic shares	256,245,000	1.17%
6. Chen Jinghe	Domestic shares	132,000,000	0.61%
7. Industrial and Commercial Bank of China – Shangzheng 50 Exchange-traded Funds	Domestic shares	63,874,316	0.29%
8. Bank of China - Harvest Hushen 300 Exchange-traded Equity Fund	Domestic shares	62,627,974	0.29%
9. Bank of Communications Limited –Yi Fonda 50 Index Securities Investment Fund	Domestic shares	57,081,274	0.26%
10. CSOP Asset Management Limited –CSOP FTSE China A50 ETF	Domestic shares	52,250,529	0.24%

## Report of the Directors *(continued)*

### Notes:

1. HKSCC Nominees Limited is holding 5,976,854,121 H shares in the Company as a nominee, representing 27.40% 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.
2. 208,484,145 A shares of the Company held by Minxi Xinghang State-owned Assets Investment Co., Ltd. has to be transferred to the National Social Security Fund Council, that part of the stock is frozen.
3. Minxi Xinghang State-owned Assets Investment Co., Ltd. has pledged 1,800,000,000 A shares of the Company.

### SUBSTANTIAL SHAREHOLDERS

So far as the Directors, supervisors and chief executives are aware, as at 31 December 2012, the interests and long/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 Securities and Futures Ordinance ("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 the total number of issued domestic shares	Approximate percentage of the total number of issued H shares	Long/short positions
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic Shares	6,316,353,180	28.96%	39.97%	—	Long
	H Shares	42,528,000	0.19%	—	0.71%	Long
	Total	6,358,881,180	29.15%			Long
Xinhua Industrial Group Company Limited	Domestic Shares	2,425,081,279 (Note 1)	11.12%	15.34%	—	Long
Chen Fashu	Domestic Shares	2,440,197,569 (Note 2)	11.19%	15.44%	—	Long
BlackRock, Inc.	H Shares	678,936,885 (Note 3)	3.11%	—	11.30%	Long
BlackRock, Inc.	H Shares	115,204,543 (Note 3)	0.53%	—	1.91%	Short
Morgan Stanley	H Shares	685,021,659 (Note 4)	3.14%	—	11.40%	Long
Morgan Stanley	H Shares	646,756,845 (Note 4)	2.97%	—	10.76%	Short



## Report of the Directors *(continued)*

### Notes:

- (1) Xinhua Industrial Group Company Limited holds 2,425,081,279 domestic shares in the Company.
- (2) Mr. Chen Fashu holds 15,116,290 domestic shares in the Company. Mr. Chen Fashu also holds 73.56% interests in the issued share capital of Xinhua Industrial Group Company Limited. Pursuant to Section 316 of the SFO, Mr. Chen Fashu is deemed to be interested in 2,425,081,279 domestic shares in the Company. Therefore, Mr. Chen Fashu is deemed to be interested in 2,440,197,569 domestic shares in the Company.
- (3) BlackRock, Inc. is interested in 678,936,885 H shares (Long position) of the Company (representing approximately 11.30% of the total issued H shares of the Company) and 115,204,543 H shares (Short position) of the Company (representing approximately 1.91% of the total issued H shares of the Company).

According to the disclosure form filed by BlackRock, Inc. on 24 December 2012, the following interests in shares were held by BlackRock, Inc. in the following capacity:

Capacity	No. of Shares
Corporations controlled by BlackRock, Inc.	678,936,885 (Long position)
	115,204,543 (Short position)

These shares were held by BlackRock, Inc. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest		Number of shares
Trident Merger, LLC	1209 Orange Street, Wilmington DE 19801, United States	Blackrock Inc.	100.00	N	Long position	3,545,250
BlackRock Investment Management, LLC.	1 University Square Drive Princeton, NJ 08540, United States	Trident Merger, LLC	100.00	Y	Long position	3,545,250
BlackRock Holdco 2 Inc.	1209 Orange Street, Wilmington DE 19801, United States	Blackrock Inc.	100.00	N	Long position Short position	675,391,635 115,204,543
BlackRock Financial Management, Inc.	40 East 52nd Street, New York NY 10022, United States	BlackRock Holdco 2 Inc.	100.00	Y	Long position Short position	675,391,635 115,204,543
BlackRock Holdco 4 LLC	40 East 52nd Street, New York, 10022, United States	BlackRock Financial Management, Inc.	100.00	N	Long position	406,755,352
BlackRock Holdco 6 LLC	40 East 52nd Street, New York, 10022, United States	BlackRock Holdco 4 LLC	100.00	N	Long position	406,755,352
BlackRock Delaware Holdings, Inc.	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States	BlackRock Holdco 6 LLC	100.00	N	Long position	406,755,352

## Report of the Directors *(continued)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest		Number of shares
BlackRock Institutional Trust Company, N.A.	400 Howard St, San Francisco, CA, 94105-2618	BlackRock Delaware Holdings, Inc.	100.00	Y	Long position	112,614,352
BlackRock Fund Advisors	Howard Street, San Francisco, CA 94105, United States	BlackRock Delaware Holdings, Inc.	100.00	Y	Long position	294,141,000
BlackRock Advisors Holdings Inc.	40 East 52nd Street, New York, 10022, United States	BlackRock Financial Management, Inc.	100.00	N	Long position Short position	266,164,410 115,204,543
BlackRock Capital Holdings, Inc.	40 East 52nd Street, New York, NY 10022, USA	BlackRock Advisors Holdings Inc.	100.00	N	Long position Short position	7,309,731 1,832,000
BlackRock Advisors, LLC.	100 Bellevue Parkway, Wilmington DE 19809, United States	BlackRock Capital Holdings, Inc.	100.00	Y	Long position Short position	7,309,731 1,832,000
BlackRock International Holdings Inc.	40 East 52nd Street, New York, 10022, United States	BlackRock Advisors Holdings Inc.	100.00	N	Long position Short position	258,854,679 113,372,543
BR Jersey International LP	One Waverley Place, 4th Floor, St. Helier, Jersey, JE1 0BR	BlackRock International Holdings Inc.	100.00	N	Long position Short position	258,854,679 113,372,543
BlackRock (Institutional) Canada Ltd	250 Yonge Street, Suite 2400, Toronto ON M5B 2M6, Canada	BR Jersey International LP	100.00	N	Long position	590,000
BlackRock Holdings Canada Limited	161 Bay Street, Suite 2500, Toronto, Ontario M5J 2S1	BlackRock (Institutional) Canada Ltd	100.00	N	Long position	590,000
BlackRock Asset Management Canada Limited	161 Bay Street, Suite 2500, Toronto, Ontario M5J 2S1, Canada	BlackRock Holdings Canada Limited	100.00	Y	Long position	590,000
BlackRock HK Holdco Limited	35/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong	BR Jersey International LP	100.00	N	Long position Short position	63,570,091 60,946,405
BlackRock Asset Management North Asia Limited	16/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong	BlackRock HK Holdco Limited	100.00	Y	Long position Short position	63,570,091 60,946,405
BlackRock Australia Holdco Pty Ltd	Level 18, 120 Collins Street, Melbourne VIC 3000, Australia	BR Jersey International LP	100.00	N	Long position	381,500
BlackRock Asset Management Australia Limited	Level 43, Grosvenor Place, 225 George Street, Sydney, NSW 2000, Australia	BlackRock Australia Holdco Pty Ltd	100.00	Y	Long position	332,000
BlackRock Investment Management (Australia) Limited	Level 43, Grosvenor Place, 225 George Street, Sydney, NSW 2000, Australia	BlackRock Australia Holdco Pty Ltd	100.00	Y	Long position	49,500



## Report of the Directors *(continued)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest		Number of shares
BlackRock Cayco Ltd.	c/o Walkers SPV Limited, P.O. Box 908GT, Walker House, Mary Street, George Town, British West Indies, Cayman Islands	BR Jersey International LP	100.00	N	Long position	3,082,500
BlackRock Trident Holding Company Limited	Riverside Two, Sir John Rogerson's Quay, Grand Canal Dock, Dublin, 2, Ireland	BlackRock Cayco Ltd.	100.00	N	Long position	3,082,500
BlackRock Japan Holdings GK	Sapia Tower, 1-7-12 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan	BlackRock Trident Holding Company Limited	100.00	N	Long position	3,082,500
BlackRock Japan Co. Ltd.	Marunouchi Trust Tower Main, -8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8217	BlackRock Japan Holdings GK	100.00	Y	Long position	3,082,500
BlackRock Group Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom	BR Jersey International LP	100.00	N	Long position Short position	191,230,588 52,426,138
BlackRock International Limited	40 Torphichen Street, Edinburgh, EH3 8JB, United Kingdom	BlackRock Group Limited	100.00	Y	Long position	7,472,000
Blackrock Advisors (UK) Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom	BlackRock Group Limited	100.00	Y	Long position Short position	88,752,388 52,426,138
BlackRock (Netherlands) B.V.	Rembrandt Tower, 17th Floor, Amstelplein 1, 1096 HA, Amsterdam, Netheralnds	BlackRock Group Limited	100.00	Y	Long position	84,000
BlackRock Luxembourg Holdco S.a.r.l.	6D, Route de Trèves, Senningerberg, L-2633, Luxembourg	BlackRock Group Limited	100.00	N	Long position	86,774,200
BlackRock Investment Management Ireland Holdings Ltd	First Floor, Fitzwilton House, Wilton Place, Dublin 2, Ireland	BlackRock Luxembourg Holdco S.a.r.l.	100.00	N	Long position	62,643,200
BlackRock Asset Management Ireland Limited	JPMorgan House, International Financial Services Centre, Dublin 1, Ireland	BlackRock Investment Management Ireland Holdings Ltd	100.00	Y	Long position	62,643,200
BlackRock (Luxembourg) S.A.	6D, Route de Trèves, Senningerberg, L-2633, Luxembourg	BlackRock Luxembourg Holdco S.a.r.l.	100.00	Y	Long position	24,131,000

## Report of the Directors *(continued)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest		Number of shares
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom	BlackRock Group Limited	100.00	N	Long position	8,148,000
BlackRock Holdings Deutschland GmbH	OperrTurm, Bockenheimer Landstraße 2-4 , 60306 Frankfurt am Main, Germany	BlackRock Investment Management (UK) Limited	100.00	N	Long position	794,000
BlackRock Asset Management Deutschland AG	Max-Joseph-Straße 6, D-80333, München, Germany	BlackRock Holdings Deutschland GmbH	100.00	Y	Long position	794,000
BlackRock Fund Managers Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom	BlackRock Investment Management (UK) Limited	100.00	Y	Long position	884,000
BlackRock Investment Management (Korea) Limited	23F, Seoul Finance Centre, 84 Taepyungro 1-ka, Jung-ku, Seoul, 100-768, Korea, Republic of	BlackRock Fund Managers Limited	100.00	Y	Long position	5,000
BlackRock Life Limited	12 Throgmorton Avenue. London, EC2N 2DL, United Kingdom	BlackRock International Limited	100.00	Y	Long position	1,650,000

- (4) Morgan Stanley is interested in 685,021,659 H shares (Long position) of the Company (representing approximately 11.40% of the total issued H shares of the Company) and 646,756,845 H shares (Short position) of the Company (representing approximately 10.76% of the total issued H shares of the Company).

According to the disclosure form filed by Morgan Stanley on 2 January 2013, the following interests in shares were held by Morgan Stanley in the following capacities:

Capacity	No. of Shares
Corporations controlled by Morgan Stanley	685,021,659 (Long position) 646,756,845 (Short position)



## Report of the Directors *(continued)*

These shares were held by Morgan Stanley through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest	Number of shares
Morgan Stanley Capital Management, L.L.C.	1585 Broadway, New York, 10036, New York, U.S.A. Place of Incorporation: Delaware	Morgan Stanley	100.00	N	Long position 685,021,659 Short position 646,252,845
Morgan Stanley Domestic Holdings, Inc.	1585 Broadway, New York, 10036, New York, U.S.A. Place of Incorporation: Delaware	Morgan Stanley Capital Management, L.L.C.	100.00	N	Long position 361,358,997 Short position 444,069,269
Morgan Stanley International Incorporated	1585 Broadway, New York, 10036, New York, U.S.A. Place of incorporation: Delaware.	Morgan Stanley Domestic Holdings, Inc.	10.00	N	Long position 361,358,997 Short position 444,069,269
Morgan Stanley International Incorporated	1585 Broadway, New York, 10036, New York, U.S.A. Place of incorporation: Delaware.	Morgan Stanley	90.00	N	Long position 361,358,997 Short position 444,069,269
Morgan Stanley International Limited	25 Cabot Square, Canary Wharf, London E14 4QA, England. Place of incorporation: England & Wales.	Morgan Stanley International Incorporated	100.00	N	Long position 360,743,917 Short position 444,069,269
Morgan Stanley Group (Europe)	25 Cabot Square, Canary Wharf, London E14 4QA, England. Place of incorporation: England & Wales.	Morgan Stanley International Limited	98.30	N	Long position 360,743,917 Short position 444,069,269
Morgan Stanley UK Group	25 Cabot Square, Canary Wharf, London E14 4QA, England. Place of incorporation: England & Wales.	Morgan Stanley Group (Europe)	100.00	N	Long position 360,743,917 Short position 444,069,269
Morgan Stanley & Co. International plc.	25 Cabot Square, Canary Wharf, London E14 4QA, England. Place of incorporation: England & Wales.	Morgan Stanley UK Group	100.00	Y	Long position 360,743,917 Short position 444,069,269
Morgan Stanley Domestic Holdings, Inc.	1585 Broadway, New York, 10036, New York, U.S.A. Place of Incorporation: Delaware	Morgan Stanley Capital Management, L.L.C.	100.00	N	Long position 323,663,742 Short position 202,183,576
Morgan Stanley & Co. LLC	Corporation Trust Center, 1209 Orange Street, Wilmington, DE19801, U.S.A. Place of incorporation: Delaware	Morgan Stanley Domestic Holdings, Inc.	100.00	Y	Long position 183,597,911 Short position 178,971,229

## Report of the Directors *(continued)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest		Number of shares
Morgan Stanley Capital Services Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801 USA. Place of incorporation: Cayman Islands.	Morgan Stanley Domestic Holdings, Inc.	100.00	Y	Long position Short position	140,064,751 23,212,347
Morgan Stanley Capital (Luxembourg) S.A.	38-40 rue Sainte Zithe, L-2763 Luxembourg. Place of incorporation: Luxembourg.	Morgan Stanley International Incorporated	93.75	Y	Long position Short position	504,000 0
Morgan Stanley International Holdings Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, DE19801, U.S.A. Place of incorporation: Delaware.	Morgan Stanley International Incorporated	18.00	N	Long position Short position	111,080 0
Morgan Stanley International Holdings Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, DE19801, U.S.A. Place of incorporation: Delaware.	Morgan Stanley	72.00	N	Long position Short position	111,080 0
Morgan Stanley International Holdings Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, DE19801, U.S.A. Place of incorporation: Delaware.	Morgan Stanley Domestic Holdings, Inc.	10.00	N	Long position Short position	111,080 0
Morgan Stanley Asia Pacific (Holdings) Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of Incorporation: Cayman Island	Morgan Stanley International Holdings Inc.	100.00	N	Long position Short position	110,000 0
MSDW-JL Holdings I Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley Asia Pacific (Holdings) Limited	100.00	N	Long position Short position	110,000 0
Morgan Stanley (Hong Kong) Holdings Limited	46th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong SAR. Place of incorporation: Hong Kong.	Morgan Stanley Asia Pacific (Holdings) Limited	100.00	N	Long position Short position	110,000 0
Morgan Stanley Asia Regional (Holdings) III LLC	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley Asia Pacific (Holdings) Limited	100.00	N	Long position Short position	110,000 0



## Report of the Directors *(continued)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest		Number of shares
Morgan Stanley (Singapore) Holdings Pte Ltd.	#16-01 Capital Square, 23 Church Street, Singapore 049481. Place of incorporation: Singapore.	Morgan Stanley Asia Regional (Holdings) III LLC	100.00	N	Long position Short position	110,000 0
Morgan Stanley Asia Regional (Holdings) IV Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley (Singapore) Holdings Pte Ltd.	100.00	N	Long position Short position	110,000 0
Morgan Stanley Japan (Holdings) Ltd.	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	MSDW-JL Holdings I Limited	70.00	N	Long position Short position	110,000 0
Morgan Stanley Japan (Holdings) Ltd.	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley (Singapore) Holdings Pte Ltd.	10.00	N	Long position Short position	110,000 0
Morgan Stanley Japan (Holdings) Ltd.	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley International Holdings Inc.	10.00	N	Long position Short position	110,000 0
Morgan Stanley Japan (Holdings) Ltd.	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley (Hong Kong) Holdings Limited	10.00	N	Long position Short position	110,000 0
MSDW-JL Holdings II Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	Morgan Stanley Japan (Holdings) Ltd.	100.00	N	Long position Short position	110,000 0
MSJL Holdings 4682 Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	MSDW-JL Holdings II Limited	100.00	N	Long position Short position	110,000 0

## Report of the Directors *(continued)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest		Number of shares
MSJL Holdings Limited	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	MSJL Holdings 4682 Limited	100.00	N	Long position Short position	110,000 0
MS CYM Preferred Ltd.	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Place of incorporation: Cayman Islands	MSJL Holdings 4682 Limited	100.00	N	Long position Short position	110,000 0
MSJS Preferred YK	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6009, Japan. Place of incorporation: Japan	MS CYM Preferred Ltd.	100.00	N	Long position Short position	110,000 0
Morgan Stanley Japan Holdings Co., Ltd	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6009, Japan. Place of incorporation: Japan	Morgan Stanley Asia Regional (Holdings) IV Limited	18.60	N	Long position Short position	110,000 0
Morgan Stanley Japan Holdings Co., Ltd	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6009, Japan. Place of incorporation: Japan	MSJS Preferred YK	7.06	N	Long position Short position	110,000 0
Morgan Stanley Japan Holdings Co., Ltd	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6009, Japan. Place of incorporation: Japan	MSJL Holdings Limited	74.34	N	Long position Short position	110,000 0
Mitsubishi UFJ Morgan Stanley Securities	2-5-2 Marunouchi, Chiyoda-ku, Tokyo Japan. Place of incorporation: Japan	Morgan Stanley Japan Holdings Co., Ltd	40.00	Y	Long position Short position	110,000 0
Morgan Stanley Tower LLC	1585 Broadway, New York, NY 10036. Place of incorporation: Delaware	Morgan Stanley	100.00	N	Long position Short position	1,080 0
Morgan Stanley Commercial Financial Services, Inc.	1585 Broadway, New York, NY 10036. Place of incorporation: Delaware	Morgan Stanley	100.00	N	Long position Short position	1,080 0
MS Financing Inc.	1585 Broadway, New York, NY 10036. Place of incorporation: Delaware	Morgan Stanley Tower LLC	100.00	N	Long position Short position	1,080 0
Morgan Stanley & Co. LLC	Corporation Trust Center, 1209 Orange Street, Wilmington, DE19801, U.S.A. Place of incorporation: Delaware	Morgan Stanley Domestic Holdings, Inc.	100.00	N	Long position Short position	1,080 0



## Report of the Directors *(continued)*

Name of controlled corporation	Address and place of incorporation	Name of controlling shareholder	% control	Direct interest		Number of shares
MS Beta Holdings LLC	2000 Westchester Avenue, Purchase, NY 10577. Place of incorporation: Delaware	MS Financing Inc.	100.00	N	Long position Short position	1,080 0
MS Alpha Holdings LLC	2000 Westchester Avenue, Purchase, NY 10577. Place of incorporation: Delaware	Morgan Stanley & Co. LLC	100.00	N	Long position Short position	1,080 0
MS Gamma Holdings LLC	2000 Westchester Avenue, Purchase, NY 10577. Place of incorporation: Delaware	Morgan Stanley International Holdings Inc.	100.00	N	Long position Short position	1,080 0
Morgan Stanley JV Holdings LLC	2000 Westchester Avenue, Purchase, NY 10577. Place of incorporation: Delaware	MS Beta Holdings LLC	33.84	N	Long position Short position	1,080 0
Morgan Stanley JV Holdings LLC	2000 Westchester Avenue, Purchase, NY 10577. Place of incorporation: Delaware	MS Alpha Holdings LLC	65.87	N	Long position Short position	1,080 0
Morgan Stanley JV Holdings LLC	2000 Westchester Avenue, Purchase, NY 10577. Place of incorporation: Delaware	Morgan Stanley Commercial Financial Services, Inc.	0.29	N	Long position Short position	1,080 0
Morgan Stanley Smith Barney Holdings LLC	2000 Westchester Avenue, Purchase, NY 10577. Place of incorporation: Delaware	Morgan Stanley JV Holdings LLC	47.00	N	Long position Short position	1,080 0
Morgan Stanley Smith Barney Holdings LLC	2000 Westchester Avenue, Purchase, NY 10577. Place of incorporation: Delaware	MS Gamma Holdings LLC	4.00	N	Long position Short position	1,080 0
Morgan Stanley Smith Barney LLC	2000 Westchester Avenue, Purchase, NY 10577. Place of incorporation: Delaware	Morgan Stanley Smith Barney Holdings LLC	100.00	Y	Long position Short position	1,080 0
Morgan Stanley Capital (Cayman Islands) Limited	Ugland House, South Church Street, PO Box 309, George Town, Grand Cayman, Cayman Islands. Place of incorporation: Cayman Islands.	Morgan Stanley	100.00	Y	Long position Short position	0 504,000

Save as disclosed above and so far as the Directors are aware, as at 31 December 2012, no other person (other than the Directors, supervisors, chief executives or members of senior management of the Company) had an interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder (as such term is defined in the Listing Rules) of the Company.

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

## Report of the Directors *(continued)*

### **PROFIT DISTRIBUTION PROPOSAL OR THE PLAN FOR CONVERTING CAPITAL RESERVE TO BONUS SHARES**

#### **(1) Formulation, execution or adjustment of profit distribution policy**

The profit distribution policy in the Company's articles of association: I. Reasonable returns to our investors is an important factor when the Company distributes its profit; II. The Company provides cash dividend or bonus share; III. Accumulated profit distribution by way of cash dividends for the latest three years are not less than 60% of average annual realized distributable profit of the last three years. The Company has strictly executed the profit distribution policy.

According to the essence of the Notice in Relation to Further Implementing Cash Dividend Distribution of Listed Companies (Zheng Jian Fa [2012] No.37) issued by China Securities Regulatory Commission and the Notice in Relation to Further Implementing Cash Dividend Distribution (Min Zheng Jian Gongsizi [2012] No.28) issued by China Securities Regulatory Commission Fujian Bureau, in order to improve the decision making of the Company's profit distribution and supervisory mechanism, while overseeing the Company's production operation and sustainable development and maintaining a reasonable return to investors of the Company, with reference to the terms related to profit distribution policy in the Company's articles of association, the Board of the Company formulated profit distribution and return plan for the next three years (2012-2014) and will make amendments to the Company's articles of association accordingly to clearly define the principle, format, cash dividend conditions of the Company's profit distribution policy, and the procedures for forming profit distribution policy, procedures for amending profit distribution policy, etc. Unless there is a special circumstance, the Company's cumulative profit distribution by way of cash profits for the latest three years shall not be less than 60% of the average annual distributable profits realized for the last three years. In principle, the Company's annual distribution of cash dividends shall not be less than 15% of the realized distributable profits for the year (excluding the accumulated undistributed profits of last year). The relevant changes will be submitted to the shareholders meeting for consideration and approval.

The "Proposal to raise the proportion of cash dividends for profit distribution of the Company for the year ended 31 December 2011" submitted by a shareholder was considered and approved at the Company's 2011 annual general meeting, based on the total number of shares of 21,811,963,650 as at 31 December 2011, to distribute cash dividends RMB0.10 (including tax) per share to all shareholders. The Company distributed the cash dividends of RMB2,181,196,365 in total. The remaining undistributed profit will be carried forward to the next financial year. The above profit distribution proposal was implemented on 12 July 2012.

As audited by Ernst & Young Hua Ming (LLP), the Group's net profit for the year ended 31 December 2012 prepared in accordance with CAS was RMB5,211,208,977. The Board of the Company proposed to pay the qualified shareholders of the Company the final dividends for the year ended 31 December 2012 of RMB1 per 10 shares (tax included) on the basis of 21,811,963,650 total issued shares as at 31 December 2012. The remaining balance of undistributed reserve will be reserved as undistributed reserve for further distribution in the next financial year. No bonus issue and conversion of capital will be included in this distribution proposal. The proposal of the above-mentioned distribution will be tabled to 2012 annual general meeting for approval.

For the distribution of dividends, dividends for holders of Domestic shares/A shares will be distributed and paid in RMB, while dividends for H shares will be declared in RMB but paid in Hong Kong dollars ("HK\$") (conversion of RMB into HK\$ shall be calculated on the average price of the medium prices of the conversion of RMB into HK\$ announced by the People's Bank of China one calendar week preceding the announcement of the distribution).



## Report of the Directors *(continued)*

- (2) The Company's profit distribution proposal or plans, conversion of capital reserve into share capital proposal or plan for the latest three years (including year 2012):

Currency: RMB

Year of profit distribution	Bonus share for every 10 shares (share)	Dividend for every 10 shares (RMB) (Tax included)	Conversion to share capital for every 10 shares (share)	Amount of cash dividend (Tax included)	Net profit	Net profit
					attributable to shareholders of listed company on consolidated financial statement for the dividend distribution year	attributable to shareholders of listed company accounted for in the consolidated financial statements (%)
2012		1		2,181,196,365	5,211,208,977	41.86
2011		1		2,181,196,365	5,712,569,100	38.18
2010		1	5	1,454,130,910	4,827,916,726	30.12

### GENERAL MEETINGS

Session of meeting	Convening date	Resolutions for the meeting	Poll results of the resolutions	Date of publishing poll results of the resolutions
The first extraordinary general meeting in 2012	22 March 2012	The proposal of providing internal guarantee and external loan financing to Ding Jin Limited, the proposal of providing internal guarantee and external loan financing to Thrive Build Investments Limited, and the proposal of providing internal guarantee and external loan financing to the Company's overseas wholly-owned subsidiaries	All the tabled resolutions have been passed at the first extraordinary general meeting in 2012	22 March 2012

## Report of the Directors *(continued)*

Session of meeting	Convening date	Resolutions for the meeting	Poll results of the resolutions	Date of publishing poll results of the resolutions
2011 annual general meeting	28 May 2012	The proposal of a general mandate for issuing bonds, Report of the Board of Directors of the Company for 2011, Report of the Independent Directors of the Company for 2011, Report of Supervisory Committee of the Company for 2011, the Company's financial report for the year ended 31 December 2011, the Company's 2011 annual report and its summary report, the Board's proposal of a dividend of RMB0.8 (including tax) in cash per 10 shares of the Company for the year ended 31 December 2011, the remunerations of the Executive Directors and Chairman of Supervisory Committee of the Company for the year ended 31 December 2011, election of Mr. Qiu Xiaohua (邱曉華) as a director of the fourth Board of Directors of the Company, reappointment of Ernst & Young Hua Ming (LLP) as the Company's auditor for the year ended 31 December 2012 and the authorization to the Board of Directors to determine the remuneration, the proposal of amendment of the articles of association of the Company, and a proposal to raise dividend to RMB1.0 (including tax) in cash per 10 shares of the Company for the year ended 31 December 2011	Except the resolution that the Board's proposal of a dividend of RMB0.8 (including tax) in cash per 10 shares of the Company for the year ended 31 December 2011 was objected, all other resolutions were passed at the 2011 annual general meeting	28 May 2012

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

Neither the Company nor any of its subsidiaries purchased, redeemed, sold or wrote off any of the Company's listed securities up to 31 December 2012.



## Report of the Directors *(continued)*

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

In compliance with rules 3.10(1) and 3.10(2) of the Listing Rules, which states that the Company should appoint a sufficient number of independent non-executive directors and that at least one of them must have appropriate professional qualifications or accounting or related financial management expertise. The Company appointed four 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 section headed “Directors, Supervisors and Senior Management” of this annual report.

### **SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY**

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 reasonable inquiries to all directors, the Group confirmed that all directors complied with the Model Code for the 12 months ended 31 December 2012.

## Report of the Directors *(continued)*

### **APPOINTMENT AND RESIGNATION OF DIRECTOR, SUPERVISOR, AND SENIOR MANAGEMENT**

The Board of Directors of the Company received a resignation letter from Mr. Liu Xiaochu (劉曉初) (“Mr. Liu”) on 28 March 2012. Mr. Liu resigned as the Company’s executive director, vice-chairman, and authorized representative under the requirement of The Stock Exchange of Hong Kong Limited with effect from 28 March 2012 due to his personal health issue.

Mr. Liu confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of the Company in relation to his resignation.

Mr. Qiu Xiaohua (邱曉華) was recommended as a director candidate at the Fourteenth meeting of the fourth Board of Directors and it has been proposed to be appointed at the 2011 annual general meeting. The 2011 annual general meeting reviewed and approved the resolution of “Election of Mr. Qiu Xiaohua as a director of the fourth Board of Directors of the Company”. Mr. Qiu Xiaohua has been appointed as the Company’s Director with effect from 28 May 2012 till the end of the term of the fourth Board of Directors.

### **THE PUNISHMENT AND RECTIFICATION TO THE COMPANY, DIRECTORS, SUPERVISORS, SENIOR MANAGERS, SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS**

The Company received the “Decision of Administrative Punishment” ([2012]No.10) issued by the China Securities Regulatory Commission on 9 May 2012, for the Company’s failure to timely disclose the 7.3 waste water leakage incident of Zijinshan copper hydrometallurgical plant, in which the Company violated Article 67 of the Securities Law, and constituted an offense described in Article 193 of the Securities Law. According to Article 193 of the Securities Law, the China Securities Regulatory Commission decided to issue:

1. a warning and order Zijin Mining to make corrections and impose a fine of RMB300,000;
2. a warning to Chen Jinghe and impose a fine of RMB100,000;
3. a warning to Luo Yingnan and Zou Laichang and impose each a fine of RMB50,000;
4. a warning to Liu Xiaochu, Lan Fusheng and Huang Xiaodong.

All the above fines had been settled.

### **AUDIT COMMITTEE**

The audit committee has reviewed the Group’s unaudited financial report for the 12 months ended 31 December 2012 and further discussed the auditing, internal control and financial reporting matters. The audit committee considers that the Group’s financial report for the 12 months ended 31 December 2012 was in compliance with the applicable accounting standards and relevant laws and regulations and had made sufficient disclosure.



## Report of the Directors *(continued)*

### APPOINTMENT AND DISMISSAL OF AUDITORS

According to the approval in the 2010 annual general meeting, the Company decided not to re-appoint international auditors — Ernst & Young since 2011. According to the approval in the 2011 annual general meeting, the Company reappointed Ernst & Young Hua Ming (LLP) to audit the Company's financial statements in 2012 according to the China Auditing Standards.

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Change of appointment of auditors:	No
Auditors in the mainland	Currently appointed Ernst & Young Hua Ming (LLP)
Remuneration for auditors this year	RMB8,176,630
Appointment term	Renew once a year

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### SHARE OPTION SCHEME

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

### MAJOR SUPPLIERS AND CUSTOMERS

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

The details of the five largest suppliers and the five largest customers are set out in pages from 27 to 28. All transactions between the Company and the related suppliers and customers were entered into under normal commercial terms.

As far as the directors are aware, none of the directors, supervisors or their respective associates (as defined in the Listing Rules of the Stock Exchange ("Listing Rules")), who own more than 5% equity interest of the Company, had any interest in the above five largest suppliers in the year of 2012.

### SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the directors and supervisors has entered into a service contract with the Company respectively. All these contracts will be started from the date of appointment and ended on 4 November 2012. Pursuant to article 106 of the articles of association of the Company, the terms for directors will be three years, (commencing from the date of appointment or re-appointment) subject to re-appointment. Under the Company Law of the PRC, the term of appointment for supervisors is also three years, and subject to reappointment. Remuneration of directors and supervisors can be amended at annual general meetings.

Save as disclosed above, there are no service contracts entered between the Company and any of the directors or supervisors which requires the Company to make compensation (other than statutory compensation) upon termination by the Company within one year.

## Report of the Directors *(continued)*

### PRE-EMPTIVE RIGHTS

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

### TERMS OF DIRECTORS AND SUPERVISORS

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

	TERMS
<b>EXECUTIVE DIRECTORS:</b>	
Chen Jinghe	3 years from his re-appointment on 5 November 2009
Luo Yingnan	3 years from his re-appointment on 5 November 2009
Liu Xiaochu	Resigned on 28 March 2012
Qiu Xiaohua	From 28 May 2012 to 4 November 2012
Lan Fusheng	3 years from his re-appointment on 5 November 2009
Huang Xiaodong	3 years from his re-appointment on 5 November 2009
Zou Laichang	3 years from his re-appointment on 5 November 2009
<b>NON-EXECUTIVE DIRECTOR:</b>	
Peng Jiaqing	3 years from his re-appointment on 5 November 2009
<b>INDEPENDENT NON-EXECUTIVE DIRECTORS:</b>	
Su Congfu	3 years from his re-appointment on 5 November 2009
Chen Yuchuan	3 years from his re-appointment on 5 November 2009
Lin Yongjing	3 years from his re-appointment on 5 November 2009
Wang Xiaojun	3 years from his appointment on 5 November 2009
<b>SUPERVISORS:</b>	
Lin Shuiqing	3 years from his appointment on 5 November 2009
Xu Qiang	3 years from his re-appointment on 5 November 2009
Lin Xinxi	3 years from his appointment on 5 November 2009
Zhang Yumin	3 years from his re-appointment on 5 November 2009
Liu Xianhua	3 years from his appointment on 5 November 2009

None of the directors or directors intending to seek re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### BRIEF BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biography of directors, supervisors and senior management are set out on pages 36 to 39 in this report.



## Report of the Directors *(continued)*

### **DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS**

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

### **ACQUISITIONS, DISPOSALS AND MERGERS**

Save as disclosed from pages 50 to 53 of this report, the Company has no other significant acquisitions, disposal or merger of assets during the reporting period.

### **AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

During the year, the articles of association of the Company was amended in the Company's general meeting convened on 28 May 2012. For details, please refer to the Company's notice issued on 7 May 2012.

### **RETAINED EARNINGS**

As at 31 December 2012, details of the Company's retained earnings are set out in note V.41 to the financial statements.

### **ASSETS PLEDGED**

As at 31 December 2012, details of the Group's pledged assets are set out in note V.20 to the financial statements.

### **CURRENCY AND INTEREST HEDGING POLICY**

As at 31 December 2012, details of the Group's currency and interest hedging policy are set out in note X.6 to the financial statements.

Save as disclosed above, the Group does not have formal currency hedging policy and has not entered into any major forward currency contracts or derivatives to hedge against our foreign currency and interest risks.

### **FIXED ASSETS**

Details of movements of the fixed assets of the Group for the year ended 31 December 2012 are set out in note V.13 to the financial statements.

### **SHARE CAPITAL**

Details of the movements of the Company's share capital are set out in note V.37 to the financial statements.

### **BANK AND OTHER BORROWINGS**

Details of the Group's bank and other borrowings are set out in notes V.22, 31, and 32 to the financial statements.

## Report of the Directors *(continued)*

### **CONTINGENT LIABILITIES**

Details of contingent liabilities are set out in note VII to the financial statements.

### **TAXATION**

The PRC's corporate income tax rate is 25%, details of the Group's taxation are set out in note III and V.53 to the financial statements.

### **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

### **POST BALANCE SHEET EVENTS**

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

By order of the Board

**Chen Jinghe**

*Chairman*

Shanghang, Fujian, the PRC

27 March 2013



# Report of the Supervisory Committee

To all shareholders,

In accordance with the provisions of the "Company Law of the People's Republic of China", "articles of association of the Company", etc., the supervisory committee of the Company performed their duties earnestly in 2012, and completed their tasks for 2012 satisfactorily.

## 1. WORKING REPORT OF THE SUPERVISORY COMMITTEE

### (1) Meetings convened

No. of supervisory committee meetings	4
Meetings of the supervisory committee	Matters discussed in the supervisory committee meetings
The Eleventh meeting of the Fourth supervisory committee was convened on 28 March 2012 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2011 working report of the supervisory committee of the Company", "The Company's annual report and summary report of 2011", "2011 financial report of the Company", "The Company's profit distribution proposal for the year of 2011", "Specific report of actual use and deposit of the Company's proceeds", "2011 self-assessment report for internal control of the Company", "2011 corporate social responsibility report of the Company", "Proposal of recognition of asset impairment loss provision" and "Proposal on recognition of certain fixed asset stock-take loss and obsolescence loss" were reviewed and approved.
The Twelfth meeting of the Fourth supervisory committee was convened on 26 April 2012 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2012 first quarterly report of the Company" was reviewed and approved.
The Thirteenth meeting of the Fourth supervisory committee was convened on 10 August 2012 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2012 interim report and summary report of Zijin Mining Group Co., Ltd.*" and "Specific report for the actual use and deposit of the Company's proceeds" were reviewed and approved.
The Fourteenth meeting of the Fourth supervisory committee was convened on 26 October 2012 in the Company's conference room at 20/F., Haifu Centre, Xiamen	"2012 third quarterly report of Zijin Mining Group Co., Ltd.*" and "Proposal on conversion of remaining unused proceeds to working capital" were reviewed and approved.

## Report of the Supervisory Committee *(continued)*

The supervisors of the Company attended the board meetings, the audit and internal control committee meetings, the joint meetings of executive directors and senior management, etc. to understand the Company's significant events and decisions, participated in the discussion and expressed views, concerned about the matters like the Company's operation and financial situation, acquisition projects, connected transactions, etc., and performed the supervision and inspection functions of the supervisory committee proactively. The supervisory committee meetings were convened strictly in accordance with the procedures stipulated in the article of association of the Company, meeting procedures of the supervisory committee, etc. A timely disclosure of the relevant conclusion of the meetings was made in accordance with the requirements of the Shanghai Stock Exchange. All supervisors performed diligently in discharging their duties.

- (2) The supervisors of the Company carried out in-depth study and research for corporate units at the basic level owned by the Group and the major subsidiaries to understand, trace and collect information about their production, operation and management situation in a timely manner. The supervisors of the Company continuously concerned about the sustainable development capacity and potential risks of the subsidiaries, collected the issues and difficulties which the subsidiaries encountered during their development, put forward constructive comments and suggestions to help the development of the subsidiaries.
- (3) The supervisory committee of the Company strictly followed the core missions of the Group, strengthen the coordination, planning and guidance of the supervisory system of the Group, enthusiastically promoted the establishment of a supervisory system integrated "supervision, audit, internal control", strived to promote the standardization and effectiveness of internal supervision, safeguarded the authority of internal supervision to ensure its independence to achieve satisfactory results in respect of the Group's supervisory work.
- (4) The committee strengthened studying and training to enhance the management capability of supervisors systematically. The supervisors of the Company regularly attended the training courses for the directors, supervisors and senior management of the listed companies in the district organized by the CSRC Fujian Regulatory Bureau, in which experts and professors of the National Accounting Institute were invited to give lectures on corporate internal control. The supervisors of the Company also learnt about the knowledge related to supervisory committee, constantly optimized their knowledge to promote their awareness of proactively discharging their duties and enhance the capability of performing their duties.



## Report of the Supervisory Committee *(continued)*

### **2. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE UPON RELEVANT MATTERS OF THE COMPANY**

#### **(1) Operation of the Company according to law**

In 2012, the Company operated in accordance with the relevant provisions of the national law, regulations, listing rules and the articles of association, etc. The significant matters such as capital investment, external investment, major financing, appointment and dismissal of key personnel, information disclosure, etc. were lawfully decided by the Board and complied with the regulations. The management of the Company were able to earnestly execute the various resolutions of the board and operate the business lawfully. The management satisfactorily achieved the Group's annual production target.

During the reporting period, the directors and senior management of the Company performed their duties diligently. No violation of law, regulations and articles of association nor any action that violated the interests of the shareholders and the Company was found in discharging the duties of directors and senior management.

#### **(2) Inspection of financial reports of the Company**

The periodic financial reports and the related information in 2012 reflected the financial position and operating results of the Company in a true, accurate and complete manner. The information stated in the reports did not have any false record, misleading statement or material omission. The Group's 2012 annual financial statements were audited by Ernst & Young Hua Ming, who has issued an independent auditor's report with an unqualified opinion.

#### **(3) Use of proceeds by the Company**

All the proceeds raising projects of the Company have been completed. In order to enhance the efficiency of the use of proceeds, reduce financing costs and maximize the interests of shareholders, the Company applied all the remaining unused proceeds amounted to RMB62,476,200 as supplemental working capital. The use of proceeds of the Company complied with the relevant provisions of the "Management rules for raised capital of listed companies of the Shanghai Stock Exchange" and the "Management policy of proceeds of the Company".

#### **(4) Acquisition and sale of assets of the Company**

The supervisory committee continuously concerned on the lawfulness, reasonableness and validity of asset acquisitions and disposals, and supervised the procedures of the relevant activities. The Company's major acquisitions and sale of assets in 2012 include:

1. The Company entered into the "Bid Implementation Deed" with Norton Gold Fields Limited ("Norton") and acquired approximately 89.15% equity interest in Norton (including 16.98% interest in Norton which was already held by the Company before the offer). The transaction amount of this takeover was an equivalent of approximately RMB1,031,039,000.
2. The Company's wholly-owned subsidiary, Fujian Zijin Investment Company Limited, acquired 45% equity interest in Fujian Jinshan Hydro Power Company Limited held by Fujian Longxiang Electricity Group Company Limited at a consideration of RMB189,800,000.

## Report of the Supervisory Committee *(continued)*

3. The Company acquired 15% equity interest in Gansu Yate Mining Company Limited held by Gansu Jinhui Wine Group Company Limited at a consideration of RMB99,000,000.
4. The Company's subsidiary, China Gold Development Group (H.K.) Limited, entered into a share transfer agreement with Shandong Zhaoyuan Gold Refinery Co., Ltd. to transfer the 20% equity interest held in Shandong Guoda Gold Company Limited at a consideration of RMB131,842,000.

The supervisory committee inspected the acquisitions and disposal of assets of the Company, by focusing on its pricing principles, and procedures involving third parties on valuation, recognition and decision-making. The inspection results showed that the acquisitions and disposal of assets of the Company were in compliance with market principles and the procedure of decision making was also in compliance with the law and regulations and no insider dealing and activities were found that could impair the interests of the shareholders of the Company or cause a loss for the Company's assets.

### **(5) Connected transactions of the Company**

Connected transactions entered into by the Company in 2012 included the purchase and sale of goods and services, financing services, etc. Major connected transactions included:

1. The Group paid RMB292,698,000 for the mining and stripping services provided by Fujian Xihuadu Engineering Company Limited.
2. Zijin Mining Group Finance Company Limited ("Zijin Finance") provided financial services to Fujian Shanghang Ting River Hydropower Co., Ltd. ("Ting River Hydropower"), a subsidiary of the Company's substantial shareholder, Minxi Xinghang State-owned Assets Investment Co., Ltd. At the end of the reporting period, Zijin Finance provided loans of RMB39.15 million to Ting River Hydropower.
3. The Company's subsidiary, Xinjiang Ashele Copper Co., Ltd. ("Xinjiang Ashele"), sold copper concentrates amount to RMB62.27 million to China Non-ferrous Metals Import and Export Xinjiang Company, the wholly owned subsidiary of Xinjiang Non-ferrous Metals Industry (Group) Company Limited, a substantial shareholder of Xinjiang Ashele.

During the reporting period, the Company strictly followed the "articles of association", "Connected Transactions Management Policy" and the listing rules of the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange regarding the procedures of approval and information disclosure on connected transactions. The Company and the connected parties entered into the connected transaction agreements after arm's length negotiations. The transaction price was fair and reasonable. The connected transactions were decided prudently, and the procedures were legal and regulated and that there was no insider dealing and no activities that could impair the interests of the Company and the shareholders.



## Report of the Supervisory Committee *(continued)*

### **(6) Supervisory committee's review on the internal control self-assessment report**

In the year 2012, the Company further strengthened the establishment of the internal control evaluation team and the team member's training, actively promoted the co-ordination between: regional self-evaluation and headquarters specialized evaluation; departmental self-evaluation and specialized evaluation; specialized evaluation of business sectors and specialized evaluation of internal control, in which it is an internal control evaluation working mechanism. The internal control evaluation activities effectively extended to the major subsidiaries, projects and business flow of the Company. The Company's internal control covered the main aspects of the current business management without material omissions. Besides, the Company has established a relatively sound corrective mechanism for the defects of internal control, which achieved a closed-loop control of the Company. During the reporting period, the evaluation work of internal control became more regulated, the major risk management work was deepened continuously and the internal control policy was sound. In general, the execution of internal control was effective.

The supervisory committee considered that the internal control self-assessment report was objective, accurate and complete and reflected the actual circumstance of the Company's internal control, where no false record, misleading statement or material omission has been found. The "Self-evaluation Report of Internal Control 2012 of the board" of the Company was approved by the supervisory committee.

In 2013, the supervisory committee will continue strictly adhering to the "Company Law of the People's Republic of China", "articles of association of the Company" and the relevant regulations strictly to perform duties conscientiously, and complete every task satisfactorily.

Shareholders please review the above report.

**Zijin Mining Group Co., Ltd.\***  
*Supervisory Committee*

27 March 2013

## Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance practices. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Code of Corporate Governance Practices (the "Former CG Code") which was subsequently revised as the Corporate Governance Code and Corporate Governance Report (the "Revised CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and came into full effect on 1 April 2012.

As required by A.1.8 of the Former CG Code and the Revised CG Code, an issuer should arrange appropriate insurance cover in respect of potential legal action against its directors. The Board currently considers that the Company and the Directors have adopted sufficient measures to prevent directors from committing errors and minimise the risk of claims against the Directors. Therefore, the Company has not made any relevant insurance arrangement at this stage. However, the Board will review this policy of insurance from time to time and may arrange insurance cover later. As required by F.1.3 of the Former CG Code and the Revised CG Code, an issuer's company secretary should report to the board chairman and/or the chief executive. The Board considers that the company secretary in Hong Kong should report to the secretary of the Board to meet the management needs of the Group and it enables a unified management of all listing related matters in Hong Kong and the Mainland. As required by A.6.7 of the Former CG Code and the Revised CG Code of the Listing Rules, independent non-executive director Wang Xiaojun was away on a business trip and could not attend the Company's annual general meeting on 28 May 2012.

Save as disclosed above, during the year of 2012, the Company has complied with the Code Provisions of the Former CG Code for the period from 1 January 2012 to 31 March 2012 and of the Revised CG Code for the period from 1 April 2012 to 31 December 2012.

### SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the model code for the trading of securities by directors of the Group. The effective date was 23 December 2003. Following enquiries with all directors of the Company, the Group confirmed that all directors have complied with the provisions of the Model Code for the year ended 31 December 2012.

### BOARD COMPOSITION AND PRACTICE

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

The Board comprises eleven directors, including six executive directors, one non-executive director and four independent non-executive directors. The executive Directors are Chen Jinghe, Luo Yingnan, Qiu Xiaohua, Lan Fusheng, Zou Laichang and Huang Xiaodong, the non-executive Director is Peng Jiaqing, and the independent non-executive Directors are Chen Yuchuan, Lin Yongjing, Su Congfu and Wang Xiaojun. The biographical details of each Director are set out in the section "Directors, Supervisors and Senior Management" on pages 36 to 39. There is no related connections in respect of finance, business or family relations among the members of the Board.



## Corporate Governance Report *(continued)*

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

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

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

Mr. Chen Jinghe is the chairman of the Board and Mr. Luo Yingnan is the president of the Company. The structure does not deviate from A.2.1 of both the Former GC Code and the Revised CG Code.

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

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

## Corporate Governance Report *(continued)*

The Board has convened 19 plenary Board meetings for the year ended 31 December 2012. The attendance of directors at the meetings was as follows:

### THE ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS AND GENERAL MEETINGS

Name	Independent director	Board meetings					General meetings	
		Number of board meetings this year	Attended in person and via tele-communication	Attended via tele-communication	Attended by proxy	Absent	Absent in 2 consecutive meetings	Number of meetings attended
Chen Jinghe	No	19	19	14	0	0	No	2
Luo Yingnan	No	19	19	13	0	0	No	2
Liu Xiaochu	No	6	5	5	1	0	No	1
Qiu Xiaohua	No	11	11	9	0	0	No	1
Lan Fusheng	No	19	19	13	0	0	No	1
Zou Laichang	No	19	18	15	1	0	No	1
Huang Xiaodong	No	19	19	13	0	0	No	1
Peng Jiaqing	No	19	19	14	0	0	No	1
Lin Yongjing	Yes	19	19	13	0	0	No	2
Su Congfu	Yes	19	19	13	0	0	No	2
Chen Yuchuan	Yes	19	17	14	2	0	No	1
Wang Xiaojun	Yes	19	17	14	2	0	No	0
Number of board meetings this year								19
In which, number of meetings attended in person								4
Meetings via telecommunications								13
Meetings attended in person and via telecommunications								2

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



## Corporate Governance Report *(continued)*

### CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

- (i) To develop and review the Group's policies and practices on corporate governance and make recommendations;
- (ii) To review and monitor the training and continuous professional development of directors and senior management;
- (iii) To review and monitor the Group's policies and practices on the compliance with all legal and regulatory requirements (where applicable);
- (iv) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and
- (v) To review the Group's compliance with the Revised CG Code and disclosure requirements in the corporate governance report.

During the year 2012, the Board approved the terms of reference of the Board's committees, the shareholder communication policy, shareholder enquiry procedures and special request procedures.

### CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have been informed of the requirement under A.6.5 of the Revised CG Code regarding continuous professional development. In the year ended 31 December 2012, the Company arranged, and all the Directors participated in, training programs to develop and refresh the Directors' knowledge and skills as directors of companies listed on the Stock Exchange.

### NOMINATION AND REMUNERATION OF DIRECTORS

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

The major responsibilities of the nomination and remuneration committee are:

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

Due to the resignation of Mr. Liu Xiaochu as an executive Director on 28 March 2012, Mr. Qiu Xiaohua has been appointed as an executive Director on 28 May 2012.

## Corporate Governance Report *(continued)*

### PROCEDURE AND BASIS FOR DETERMINATION OF REMUNERATION

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

As delegated by the Board to advise on the specific remuneration packages for all executive directors and senior management, including non-monetary benefits, pensions and compensation (including compensation for loss or termination of office or appointment), and make suggestions to the Board for the remuneration of non-executive directors. The remuneration and nomination Committee should consider the factors including the remuneration packages in comparable companies, time devoted by and duties of the directors, conditions of employment of other positions within the Group and whether to adopt performance-based remuneration, etc.

During the reporting period, the nomination and remuneration committee has, in accordance with the appraisal working requirements of the Board to the Company's directors, supervisors and senior management personnel, organized and successfully completed the 2011 annual performance assessment of directors, supervisors and senior management personnel.

In the second half of year 2012, the nomination and remuneration committee has taken the lead for the 2012 annual performance assessment of directors, supervisors and senior management personnel of the Company.

During 2012, 5 meetings of the nomination and remuneration committee were held.

### THE ATTENDANCE OF NOMINATION AND REMUNERATION COMMITTEE MEETINGS

Name	Number of the committee meetings	Attended in person at meeting venue	Attended via tele communication	Attended by delegation	Absent
Su Congfu (Chief Commissioner)	5	5	0	0	0
Chen Yuchuan	5	2	3	0	0
Lin Yongjing	5	5	0	0	0
Wang Xiaojun	5	2	1	2	0
Peng Jiaqing	5	5	0	0	0
Chen Jinghe (Chairman)	5	3	1	1	0

Pursuant to the requirements of the articles of association of the Company and the detailed implementation rules of the nomination and remuneration committee, in the meetings, the committee members evaluated and made proposal on the remuneration plan and the reward and penalty plan. The proposal was made by reference to the performance of the directors, the overall performance of the Group, the average salary of the local employees, etc.



## Corporate Governance Report *(continued)*

### DIRECTORS' ANNUAL REMUNERATION

Details are as set out in note X.7 to the financial statements.

### SUPERVISORS' ANNUAL REMUNERATION

Name	Position	Total remuneration received from the Company in the reporting period (RMB'000)(included tax)
Lin Shuiqing	Chairman of the supervisory committee	2,033.5
Xu Qiang	Vice-chairman of the supervisory committee	195
Lin Xixi	Supervisor	252.7
Liu Xianhua	Supervisor representing workers and staff	616.4
Zhang Yumin	Supervisor representing workers and staff	493.4

### AUDITORS' REMUNERATION

For the year ended 31 December 2012, the audit fees charged by the auditors of the Company was RMB8,176,630, and the auditors did not charge any fees other than the audit fees.

### AUDIT AND INTERNAL CONTROL COMMITTEE

The audit and internal control committee comprises independent non-executive directors, Mr. Lin Yongjing, Mr. Su Congfu, Mr. Chen Yuchuan, Mr. Wang Xiaojun, non-executive director, Mr. Peng Jiaqing, executive directors, chairman, Mr. Chen Jinghe and president, Mr. Luo Yingnan. The chief commissioner of the committee is Mr. Lin Yongjing. During 2012, four meetings of the audit committee were held.

### THE ATTENDANCE OF AUDIT AND INTERNAL CONTROL COMMITTEE MEETINGS

Name	Number of the committee meetings	Attended in person at meeting venue	Attended via tele communication	Attended by delegation	Absent
Lin Yongjing (Chief Commissioner)	4	4	0	0	0
Su Congfu	4	4	0	0	0
Chen Yuchuan	4	3	0	1	0
Wang Xiaojun	4	2	0	2	0
Peng Jiaqing	4	4	0	0	0
Chen Jinghe (Chairman)	4	4	0	0	0
Luo Yingnan (President)	4	4	0	0	0

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

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

## Corporate Governance Report *(continued)*

The major responsibilities of the audit and internal control committee are:

- To propose hiring or changing the external audit institution;
- To oversee the Company's internal audit system and its implementation;
- To audit the Company's financial information and its disclosure (including the annual report, the interim report, quarterly reports and any feasible financial review);
- To audit the Company's financial reporting and internal control system and to audit major connected transactions.

The audit and internal control committee has held meetings on a regular basis since its establishment and convened four meetings during the reporting period.

In the meeting held in March 2012, the committee reviewed the working report by the audit supervision office and reviewed the audited report and connected transactions of the Group for the year of 2011, and also submitted its concluding opinions on relevant connected transactions and the audit to the Board.

In the meeting held in April 2012, the committee reviewed the first quarterly report of the Group for the year of 2012 and submitted its concluding opinions on the audit to the Board.

In the meeting held in August 2012, the committee reviewed the interim report and connected transactions of the Group for the year of 2012, and reviewed the effectiveness of the Group's internal control system and also submitted its concluding opinions on the audit to the Board.

In the meeting held in October 2012, the committee reviewed the third quarterly report of the Group for the year of 2012 and submitted its concluding opinions on the audit to the Board.

The audit and internal control committee has communicated with the accounting firm for the focusing issues before they started the audit field work for the year ended 2012, during the audit process and after the drafted audit report was issued respectively. The audit and internal control committee convened a meeting on 26 March 2013, in which it examined and approved the 2012 annual report and considered that: there is no major omission in the 2012 annual financial report issued by Ernst & Young Hua Ming, it presented the financial position of the Company fairly in all material respects as of 31 December 2012 and the production and operating results of 2012, agreed to submit the aforementioned documents to the Board for consideration.

### **DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL REPORTS**

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

The responsibility statement made by the auditors of the Company in respect of financial reports of the Group is set out in the auditors' report on pages 95 to 96.

### **COMPANY SECRETARY**

The company secretary is Fan Cheung Man. Details of the biography of the company secretary are set out in the section headed "Directors, Supervisors and Senior Management" of this annual report. The company secretary took no less than 15 hours of relevant professional training in the year ended 31 December 2012 as required by the Listing Rules.

### **SHAREHOLDING INTERESTS OF SENIOR MANAGEMENT**

The details of shareholding interests of senior management of the Group are set out in "Interests and Short Positions of Directors, Supervisors and Chief Executive in the issued shares of the Company" on page 56 of the annual report.



## Corporate Governance Report *(continued)*

### **CHANGE IN CONSTITUTIONAL DOCUMENTS**

At the general meeting held on 28 May 2012, amendments to the articles of association of the Company were approved by the shareholders of the Company, mainly to bring the articles of the Company in line with the amendments made to its business licence. An updated version of the articles of association of the Company is available on the websites of the Company and the Stock Exchange.

### **SHAREHOLDERS' RIGHTS**

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

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

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

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

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

Voting in a general meeting is by way of poll.

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

### **OBJECTIONS RAISED BY INDEPENDENT DIRECTORS FOR MATTERS RELATED TO THE COMPANY**

During the reporting period, the independent non-executive directors of the Company have not raised any objection to the proposals of the board and other proposals out of the board of the Company for the year.

### **ESTABLISHMENT, IMPROVEMENT AND MAIN CONTENT OF THE RELEVANT WORKING SYSTEM OF INDEPENDENT DIRECTOR AND PERFORMANCE OF INDEPENDENT DIRECTORS**

During the reporting period, the independent non-executive directors of the Company performed their duties seriously and diligently, actively participated in the board meetings and general meetings of shareholders, understood the production, operation, financial situation of the Company timely, raised independent opinions about the Company's periodic reports, connected transactions, change of use of proceeds, provided professional advices for the board of directors' scientific decisions, comprehensively and effectively promoted the construction of the internal control system of the Company and the evaluation of internal control, participated in various jobs such as the instruction and supervision of the special fundamental activities of finance and accounting organised by the Group, gave full play to the role of the independent non-executive directors and safeguarded the legitimate rights and interests of the Company and the minority shareholders as a whole.

During the reporting period, the independent directors of the Company completed the performance evaluation of the senior management of the Company for 2011, and took the lead to organize the 2012 performance evaluation of the directors, supervisors and senior management of the Company for the second half of 2012.

For the details of the independent director's reports, please refer to the Company's announcement issued on 12 April 2013.

## Corporate Governance Report *(continued)*

### RELATIONS WITH CONTROLLING SHAREHOLDERS

The Company and the controlling shareholders are completely independent and separated in terms of assets, personnel, finance, institution and operation; the Company's Board, supervisory committee and internal institutions operate independently, the controlling shareholders do not intervene in the daily operation of the Company; the controlling shareholders of the Company strictly complied with the commitment made to the Company to avoid mutual competition within the industry. During the reporting period, there is no controlling shareholder of the Company using its special status to occupy and prejudice the Company and the interests of the other shareholders.

### SUPERVISORS AND THE SUPERVISORY COMMITTEE

The supervisory committee of the Company consists of 5 members, including 2 employee supervisors, the number and composition of the supervisory committee comply with the relevant laws and regulations. Most of the supervisors have professional knowledge and working experience of accounting, auditing and so on. According to the powers and functions conferred by the articles of association of the Company, the supervisory committee regularly convened supervisory committee meetings, conscientiously performed their duties so as to be responsible to shareholders, supervised and checked the performance of the directors and senior management personnel and the legal and compliance of the Company's financial issues to fully safeguard the legitimate supervision rights and interests of the Company and shareholders. Under the supervisory committee, there is an audit office which is responsible to supervise the legal compliance of the Company's daily business, the regulation of financial operations, etc.

### AMENDMENT AND PERFECTION OF POLICIES

During the reporting period, according to the relevant laws and regulations, taking into account of the Company's actual situation, the Company revised "Zijin Mining Investment Committee Implementation Rules", "Zijin Mining Insider Information and Insider Information Management Policy", "Zijin Mining Investors and Shareholders Relations Management Policy", "Zijin Mining Group Co., Ltd.\* Board of Directors nomination and remuneration Committee Working Rules", "Zijin Mining Group Co., Ltd.\* Board of Directors' Audit and Internal Control Committee Implementation Rules", and established "Zijin Mining New Media Registration, Supervision and Control Policy".

According to the "Notice in relation to the further implementation of the cash dividend distribution of listed companies" (Zheng Jian Fa [2012] No. 37) issued by the China Securities Regulatory Commission, and the "Notice in relation to the further implementation of the cash dividend distribution" (Min Zheng Jian Gongsizi [2012] No. 28) issued by the Fujian supervision authority of the China Securities Regulatory Commission, the Company revised the provisions of the articles of association of the Company about the dividends distribution and established the dividend distribution 3-year (Year 2012-2014) plan of Zijin Mining Group Co., Ltd.\*, which will be submitted to the coming shareholders' meeting for approval.

### PERFORMANCE EVALUATION AND INCENTIVE AND RESTRICTION MECHANISM OF THE COMPANY

The Company has established a relatively reasonable performance evaluation system, each position of the Company has a clear set of performance evaluation indicators. In accordance with the performance evaluation criteria and procedures of the Board, supervisory committee and senior management personnel, the Company established the objectives, responsibilities, performance evaluation criteria and incentive and restriction mechanism, and continued to revise them for making them more scientific and encouraging.



## Corporate Governance Report *(continued)*

### **ESTABLISHMENT AND IMPLEMENTATION OF REGISTRATION AND MANAGEMENT POLICY OF INSIDERS**

The “Management Policy of Inside Information and Insiders of Zijin Mining Group Co., Ltd.” was considered and approved by the third Board meeting for the fourth term of the Board, the revised “Management Policy of Inside Information and Insiders of the Company” was considered and approved by the thirteenth Board meeting for the fourth term of Board. The relevant registration and management policy of insiders has been effectively implemented.

### **RELEVANT PARTIES TO THE COMPANY**

The Company fully respected and safeguarded the legitimate rights and interests of the relevant parties, and established good channels of communication to jointly promote the sustainable, healthy and stable development of the Company. The Company actively concerned about the community development, and performed social responsibilities by way of helping, building, donation, etc.

### **INFORMATION DISCLOSURE**

The Company strictly followed the listing rules of the PRC and Hong Kong, fulfilled the information disclosure obligations in accordance with laws and complied with the principle of “Fair, Impartial, Open” to disclose relevant information like the periodic reports and ad hoc announcements of the Company truly, accurately, timely and completely; the secretary to the Board is responsible for information disclosure of the Company, the securities department and the investor relations management team of the Company are responsible for the reception of investors for their visits and consultation to strengthen communication and exchanges with investors.

### **INVESTOR RELATIONS**

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

The Group held press conferences and/or briefings to investment analysts immediately following the announcements of its annual and interim results. Senior management such as the chairman of the Board and the financial controller of the Group presented to analyse the performance of the Group during the relevant period, expound the business development of the Group and answer queries raised by investors. After the issue of A shares, the Group also issued results announcements on 26 April 2012 for the first quarter of year 2012 and on 26 October 2012 for the third quarter of year 2012.

Results announcements of the Group have been also published timely on the website of the Group.

The Group has also arranged for professional investors to visit its subsidiaries so that they can understand the Group’s existing production status, investment status and business development so as to enhance their confidence over the Group.

During the year, the Company convened the first extraordinary general meeting in 2012 on 22 March 2012 and 2011 annual general meeting on 28 May 2012. Details are set out in the Report of Directors.

As at 27 March 2013, the Company totally issued 21,811,963,650 ordinary shares (par value: RMB0.10 per share), in which, 6,008,160,000 shares (H-shares) were listed on the Hong Kong Stock Exchange, representing about 27.55% of the total issued shares, and 15,803,803,650 shares (A shares) were listed on the Shanghai Stock Exchange, representing about 72.45% of the total issued shares. The total listed shares in these two stock exchanges represented 100% of the total issued shares of the Company.

## Corporate Governance Report *(continued)*

### **INTERNAL SUPERVISION AND CONTROL**

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

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

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

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

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

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

After conducting the annual internal control audit, the Board confirmed: the internal control relates to the financial report is valid on 31 December 2012. No significant deficiency and important defect of internal control related to non-financial reporting during internal control self-assessment process has been discovered.

### **RESPONSIBILITY STATEMENT OF INTERNAL CONTROL AND ESTABLISHMENT OF INTERNAL CONTROL SYSTEM**

It is the Board's responsibility to establish a sound and effective internal control system. The Board followed the "Basic norms of internal control", its supporting guidelines and the relevant laws and regulatory requirements, through the establishment of a sound and effective internal control system, to ensure that the Company operated legally, with assets safety and true and complete financial reports and relevant information, enhance operation efficiency and results, and promote the realization of the development strategy. Since constraints exist in the internal control, the above targets could only be rationally guaranteed.



## Corporate Governance Report *(continued)*

The Group further improved the structure of internal control and the responsibility system this year, fully promoted the establishment of the ERP system to strengthen the fundamental management. The Group further improved the design and the supporting system for three-level management and control system, fine-tuned and improved the internal control of the business process like budget planning, investing activities, production operation, project construction, management of geological resources, performance appraisal, remuneration and incentive, purchase and sales, financial management, etc., getting fruitful results in the development of the internal control system.

The audit and internal control committee authorized the audit supervision department to organize and carry out internal control evaluation. The scope of internal control was properly defined and evaluation methods used were appropriate. The evaluation proof was sufficiently obtained and the works of internal control evaluation was regulated and in order.

After conducting the annual internal control audit, the Board confirmed: the internal control relates to the financial report was valid up to 31 December 2012. During internal control self-assessment process, no significant deficiency and material defect has been found in the internal control related to non-financial reporting matters.

### **EXECUTION OF THE RESPONSIBLE SYSTEM FOR MATERIAL ERROR ON ANNUAL REPORT AND ITS EXPLANATION**

According to relevant law, regulations and rules, the Company added the “accountability system on periodic reporting of material error” into the “information disclosure management system”, put efforts to increase the accountability of the person-in-charge for the information disclosure in annual report, and enhanced the quality and transparency of the information disclosure in annual report.

There is no material accounting error, supplementary for material omissions of information and amendment for results forecast.

1. No material accounting error to be corrected during the reporting period;
2. No material omission of information to be supplemented during the reporting period;
3. No amendment for results forecast during the reporting period.

### **THE STATUS OF ACTIVE FULFILMENT OF SOCIAL RESPONSIBILITIES**

#### **DESCRIPTION OF THE ENVIRONMENTAL PROTECTION SITUATION OF THE LISTED COMPANIES AND ITS SUBSIDIARIES BELONGING TO HEAVY POLLUTING INDUSTRIES AS PRESCRIBED BY THE NATIONAL ENVIRONMENTAL PROTECTION DEPARTMENT**

Since its formation, the Company highly regarded and continuously improved the work on environmental protection. Prevention of pollution, energy saving, reduction of wastage and reduction of pollutant emission are included as management direction. The Company follows the environmental protection idea of “Protecting the green mountains and clear waters while developing gold mines and silver mines”. Taking the spirit of being highly responsible to the employees, the corporate, and the society, the Company strives to build up environmental protection as one of the Company’s core competitiveness, to realise the sustainable development of the enterprise and the society.

## Corporate Governance Report *(continued)*

### Environmental impact assessment and the implementation of the “three simultaneous” system

In 2012, the branch companies (subsidiaries) of the Group strictly followed the “Environmental Impact Assessment Law in the People’s Republic of China” to carry out the construction project environmental impact assessment. During the process of project design, construction and operation, the Company implemented the “three simultaneous” system which the environmental protection facilities were to design simultaneously, construct simultaneously, and put into use simultaneously with the main construction body.

### The status of pollutants emission up to standards

In 2012, according to the supervisory monitoring reports about the sources of pollution provided by the local environmental protection departments, all of the waste water, waste gas and noise at plant boundary produced by the branch companies (subsidiaries) of the Group met the emission standards and managed in according to regulations, which was in compliance with the “Integrated Wastewater Discharge Standards” (GB8978-1996), “Integrated Atmospheric Pollutants Emission Standards” (GB16297-1996), the “Boundary of Industrial Enterprises Noise Emission Standards” (GB12348-2008), “Copper, Nickel, Cobalt Industrial Pollutants Emission Standards” (GB25467-2010), and “Lead, Zinc Industrial Pollutants Emission Standards” (GB 25466-2010).

### General industrial solid waste and hazardous waste treatment and disposal

In 2012, the branch companies (subsidiaries) of the Group comprehensively utilized and safely disposed the general industrial solid waste and hazardous waste at the rate of 100%.

### Payment of sewage charges

In 2012, the branch companies (subsidiaries) of the Group paid the sewage charges in accordance with the relevant requirements of sewage discharge payment notices, sewage discharge approval notices, sewage discharge approval review decision notices issued by the local environmental protection administration departments.

During the reporting period, Zijinshan Gold and Copper Mine have comprehensively completed 61 items of rectification instructed by the “7.3” incident emergency response command unit, completed the environmental impact assessment, Copper Mine hydro-metallurgical plant hydrogeological evaluation, and mine safety assessment work, etc., and completed the construction of contents of “Zijinshan Gold and Copper Mine Recent Rectification Proposal”. After the completion of the rectification, environmental protection management and emergency response system, decontamination triage system and the environmental protection treatment facilities have tended to become perfect; the fortification standards and the ability to respond to emergencies were significantly improved. As such, the People’s Government of Shanghang County issued “People’s Government of Shanghang County’s Approval of Resuming Production by Zijinshan Gold and Copper Mine Hydro-Metallurgical Plant” in January 2013 and agreed the resumption of production by Zijinshan Gold and Copper Mine hydro-metallurgical plant.



## Auditors' Report



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Ernst & Young Hua Ming (2013) Shen Zi No. 60468092\_G01

To the shareholders of Zijin Mining Group Company Limited

We have audited the accompanying financial statements of Zijin Mining Group Company Limited, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated and company income statements, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting the financial statements in accordance with Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standards on Auditing. Those standards require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Auditors' Report *(continued)*

### OPINION

In our opinion, the financial statements present fairly, in all material aspects, the consolidated and company's financial position of the Company as at 31 December 2012 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Huang Yin

Beijing, the People's Republic of China

Chinese Certified Public Accountant: Gao Xin

27 March 2013



## Consolidated Balance Sheet

As for the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

ASSETS	Note V	2012	2011
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1	<b>7,473,400,807</b>	6,180,009,655
Held-for-trading financial assets	2	<b>670,943,265</b>	264,029,003
Bills receivable	3	<b>575,499,815</b>	574,697,737
Trade receivables	4	<b>841,494,264</b>	489,112,425
Prepayments	5	<b>957,976,115</b>	1,691,517,698
Other receivables	6	<b>1,524,884,888</b>	987,302,617
Inventories	7	<b>11,602,493,132</b>	7,160,297,387
Other current assets	8	<b>687,006,618</b>	584,909,276
Total current assets		<b>24,333,698,904</b>	17,931,875,798
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	9	<b>576,013,498</b>	938,012,473
Long-term equity investments	11	<b>4,410,652,450</b>	3,203,933,411
Investment properties	12	<b>49,065,516</b>	51,056,575
Fixed assets	13	<b>15,595,461,755</b>	10,145,321,562
Construction in progress	14	<b>8,394,603,506</b>	7,898,525,167
Construction materials		<b>136,501,422</b>	333,854,223
Intangible assets	15	<b>8,535,917,880</b>	7,138,194,099
Goodwill	16	<b>496,758,705</b>	338,979,724
Long-term deferred assets	17	<b>800,104,702</b>	769,907,533
Deferred tax assets	18	<b>574,768,328</b>	434,359,241
Other non-current assets	19	<b>3,450,874,375</b>	3,136,179,526
Total non-current assets		<b>43,020,722,137</b>	34,388,323,534
<b>TOTAL ASSETS</b>		<b>67,354,421,041</b>	52,320,199,332

## Consolidated Balance Sheet *(continued)*

As for the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

LIABILITIES AND OWNERS' EQUITY	Note V	2012	2011
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	22	6,399,851,000	3,815,092,312
Held-for-trading financial liabilities	23	6,521,435,369	4,005,648,200
Bills payable	24	313,152,032	—
Trade payables	25	4,174,006,563	3,232,112,911
Advances from customers	26	937,554,916	1,012,751,443
Employee benefits payable	27	318,116,747	276,852,910
Taxes payable	28	1,692,027,264	1,709,391,219
Dividends payable	29	57,397,500	23,125,841
Other payables	30	2,029,208,186	2,073,223,413
Current portion of non-current liabilities	31	535,867,957	216,444,590
Total current liabilities		22,978,617,534	16,364,642,839
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	32	6,654,629,747	2,360,713,448
Bonds payable	33	2,987,766,076	2,987,514,948
Long-term payables	34	169,472,564	159,595,217
Provision	35	167,021,572	—
Deferred tax liabilities	18	447,085,685	226,385,417
Other non-current liabilities	36	366,862,124	88,670,506
Total non-current liabilities		10,792,837,768	5,822,879,536
<b>TOTAL LIABILITIES</b>		<b>33,771,455,302</b>	22,187,522,375
<b>EQUITY</b>			
Share capital	37	2,181,196,365	2,181,196,365
Capital reserve	38	7,770,714,175	7,689,487,793
Special reserve	39	98,196,798	33,491,518
Surplus reserve	40	1,319,401,104	1,319,401,104
Retained earnings	41	17,034,164,960	14,004,152,348
Exchange differences arising on translation of financial statements denominated in foreign currencies		(222,084,649)	(219,118,195)
Equity attributable to owners of the parent		28,181,588,753	25,008,610,933
Non-controlling interests	42	5,401,376,986	5,124,066,024
<b>TOTAL EQUITY</b>		<b>33,582,965,739</b>	30,132,676,957
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>67,354,421,041</b>	52,320,199,332

The financial statements were signed by the followings:

Legal representative:

Principal in charge of accounting:

Head of accounting department:

Chen Jinghe

Lin Hongying

Qiu Shoucai



## Consolidated Income Statement

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

	Note V	2012	2011
<b>Operating income</b>	43	<b>48,414,719,206</b>	39,763,915,441
Less: Operating costs	43	<b>36,374,864,074</b>	27,536,543,588
Taxes and surcharges	44	<b>541,098,426</b>	382,045,241
Selling expenses	45	<b>596,860,745</b>	433,256,436
Administrative expenses	46	<b>1,874,254,433</b>	1,609,339,207
Financial expenses	47	<b>803,965,178</b>	496,400,784
Impairment losses on assets	48	<b>270,720,072</b>	202,878,294
Add: Gains/(losses) on changes in fair value	49	<b>12,986,146</b>	(57,130,642)
Investment income	50	<b>639,884,580</b>	561,775,828
Including: Share of profits of associates and joint ventures		<b>242,514,892</b>	205,253,368
Operating profit		<b>8,605,827,004</b>	9,608,097,077
Add: Non-operating income	51	<b>220,898,413</b>	134,572,479
Less: Non-operating expenses	52	<b>270,666,100</b>	466,367,867
Including: Losses on disposal of non-current assets		<b>42,731,004</b>	41,842,806
<b>PROFIT BEFORE TAX</b>		<b>8,556,059,317</b>	9,276,301,689
Less: Income tax expenses	53	<b>2,402,806,003</b>	2,365,776,280
<b>NET PROFIT</b>		<b>6,153,253,314</b>	6,910,525,409
Attributable to owners of the parent		<b>5,211,208,977</b>	5,712,569,100
Non-controlling interests		<b>942,044,337</b>	1,197,956,309
Earnings per share			
Basic earnings per share	54	<b>0.24</b>	0.26
<b>OTHER COMPREHENSIVE INCOME</b>	55	<b>146,597,757</b>	(894,452,113)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>6,299,851,071</b>	6,016,073,296
Attributable to:			
Owners of the parent		<b>5,357,778,200</b>	4,818,341,189
Non-controlling interests		<b>942,072,871</b>	1,197,732,107

# Consolidated Statement of Changes in Owners' Equity

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Exchange differences arising on translation financial statements denominated in foreign currencies	Subtotal		
I. Closing balance of the preceding year and opening balance of the current year	2,181,196,365	7,689,487,793	33,491,518	1,319,401,104	14,004,152,348	(219,118,195)	25,008,610,933	5,124,066,024	30,132,676,957
II. Changes for the year									
(i) Net profit	—	—	—	—	5,211,208,977	—	5,211,208,977	942,044,337	6,153,253,314
(ii) Other comprehensive income #	—	149,535,677	—	—	—	(2,966,454)	146,569,223	28,534	146,597,757
Subtotal of comprehensive income	—	149,535,677	—	—	5,211,208,977	(2,966,454)	5,357,778,200	942,072,871	6,299,851,071
(iii) Owners' contributions and reductions in capital									
1. Others #	—	(68,309,295)	—	—	—	—	(68,309,295)	348,985,628	280,676,333
(iv) Profit distributions									
1. Distributions to owners	—	—	—	—	(2,181,196,365)	—	(2,181,196,365)	(1,018,401,973)	(3,199,598,338)
(v) Special reserve									
1. Transfer to special reserve in the current year	—	—	577,858,732	—	—	—	577,858,732	64,979,366	642,838,098
2. Amount utilised in the current year	—	—	(513,153,452)	—	—	—	(513,153,452)	(60,324,930)	(573,478,382)
Subtotal of (i) to (v)	—	81,226,382	64,705,280	—	3,030,012,612	(2,966,454)	3,172,977,820	277,310,962	3,450,288,782
III. Closing balance of the current year	2,181,196,365	7,770,714,175	98,196,798	1,319,401,104	17,034,164,960	(222,084,649)	28,181,588,753	5,401,376,986	33,582,965,739

# Details are disclosed in Note V 38.



# Consolidated Statement of Changes in Owners' Equity *(continued)*

For the year ended 31 December 2011

RMB

*(English Translation for Reference Only)*

	Attributable to owners of the Company								
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Exchange differences arising on translation of financial statements denominated in foreign currencies	Subtotal	Non-controlling interests	Total equity
I. Closing balance of the preceding year and opening balance of the current year	1,454,130,910	9,377,131,118	56,500,682	999,800,342	10,065,314,920	(121,307,424)	21,831,570,548	4,197,100,282	26,028,670,830
II. Changes for the year									
(i) Net profit	—	—	—	—	5,712,569,100	—	5,712,569,100	1,197,956,309	6,910,525,409
(ii) Other comprehensive income #	—	(796,417,140)	—	—	—	(97,810,771)	(894,227,911)	(224,202)	(894,452,113)
Subtotal of comprehensive income	—	(796,417,140)	—	—	5,712,569,100	(97,810,771)	4,818,341,189	1,197,732,107	6,016,073,296
(III) Owners' contributions and reductions in capital									
1. Others #	—	(164,160,730)	—	—	—	—	(164,160,730)	435,241,873	271,081,143
(IV) Profit distributions									
1. Transfer to surplus reserve	—	—	—	319,600,762	(319,600,762)	—	—	—	—
2. Distributions to owners	—	—	—	—	(1,454,130,910)	—	(1,454,130,910)	(708,757,856)	(2,162,888,766)
(V) Transfers within owners' equity									
1. Capitalisation of capital reserve	727,065,455	(727,065,455)	—	—	—	—	—	—	—
(VI) Special reserve									
1. Transfer to special reserve in the current year	—	—	388,480,304	—	—	—	388,480,304	30,892,554	419,372,838
2. Amount utilised in the current year	—	—	(411,489,468)	—	—	—	(411,489,468)	(28,142,916)	(439,632,384)
Subtotal of (i) to (vi)	727,065,455	(1,687,643,325)	(23,009,164)	319,600,762	3,938,837,428	(97,810,771)	3,177,040,385	926,965,742	4,104,006,127
III. Closing balance of the current year	2,181,196,365	7,689,487,793	33,491,518	1,319,401,104	14,004,152,348	(219,118,195)	25,008,610,933	5,124,066,024	30,132,676,957

# Details are disclosed in Note V 38.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

	Note V	2012	2011
<b>I CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from sale of goods and rendering of services		<b>52,739,313,342</b>	42,854,655,033
Sub-total of cash inflows from operating activities		<b>52,739,313,342</b>	42,854,655,033
Cash payments for goods purchased and services received		<b>(39,058,205,885)</b>	(30,400,248,339)
Cash payments to and on behalf of employees		<b>(1,617,461,871)</b>	(1,243,421,788)
Payments of various types of taxes		<b>(5,189,351,534)</b>	(3,594,276,242)
Other cash payments relating to operating activities	56	<b>(1,466,712,375)</b>	(1,226,530,129)
Sub-total of cash outflows used in operating activities		<b>(47,331,731,665)</b>	(36,464,476,498)
Net cash flow from operating activities	57	<b>5,407,581,677</b>	6,390,178,535
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash receipts from investment income		<b>122,150,839</b>	228,046,482
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		<b>425,268,873</b>	591,200,500
Cash receipts from disposals and recovery of investments		<b>654,030,876</b>	1,975,121,621
Net cash receipts from disposals of subsidiaries and other business units	57	<b>9,729,055</b>	93,417,331
Cash receipts from time deposits		<b>85,090,485</b>	60,427,950
Sub-total of cash inflows from investing activities		<b>1,296,270,128</b>	2,948,213,884
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		<b>(7,995,940,182)</b>	(7,476,373,611)
Cash payments to acquire investments		<b>(2,227,926,413)</b>	(1,646,301,298)
Cash payments for acquisitions of subsidiaries and other business units	57	<b>(822,815,660)</b>	(1,436,327,879)
Other cash payments relating to investing activities	56	<b>(186,000,000)</b>	(93,567,471)
Sub-total of cash outflows used in investing activities		<b>(11,232,682,255)</b>	(10,652,570,259)
Net cash flow used in investing activities		<b>(9,936,412,127)</b>	(7,704,356,375)



## Consolidated Statement of Cash Flows *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

	Note V	2012	2011
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash receipts from capital contributions		<b>258,094,320</b>	183,850,260
<i>Including: Cash receipts from capital contributions from non-controlling shareholders of subsidiaries</i>		<i>258,094,320</i>	<i>183,850,260</i>
Cash receipts from borrowings		<b>12,684,141,313</b>	7,957,419,838
Cash receipts from gold leasing business		<b>7,052,194,253</b>	4,011,742,740
Cash receipts from issue of bonds		—	3,051,784,128
Other cash receipts relating to financing activities	56	<b>1,157,692,845</b>	241,991,412
Sub-total of cash inflows from financing activities		<b>21,152,122,731</b>	15,446,788,378
Cash repayments of borrowings		<b>(5,772,528,200)</b>	(9,475,256,977)
Cash repayments of gold leasing business		<b>(4,646,118,516)</b>	—
Cash payments for distribution of dividends or profits or settlement of interest expenses		<b>(4,035,312,183)</b>	(2,651,981,128)
<i>Including: Payments for distribution of dividends or profits to non-controlling shareholders of subsidiaries</i>		<i>(1,018,401,973)</i>	<i>(708,757,856)</i>
Other cash payments relating to financing activities	56	<b>(763,065,590)</b>	(786,579,238)
Sub-total of cash outflows used in financing activities		<b>(15,217,024,489)</b>	(12,913,817,343)
Net cash flow from financing activities		<b>5,935,098,242</b>	2,532,971,035
<b>IV EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(8,715,682)</b>	(93,077,303)
<b>V NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,397,552,110</b>	1,125,715,892
Add: Opening balance of cash and cash equivalents		<b>4,917,187,865</b>	3,791,471,973
<b>VI CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	57	<b>6,314,739,975</b>	4,917,187,865

## Balance Sheet

As at 31 December 2012

RMB

(English Translation for Reference Only)

ASSETS	Note XI	2012	2011
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		<b>4,976,508,980</b>	3,129,014,590
Held-for-trading financial assets		<b>77,693,529</b>	17,266,049
Bills receivable		<b>57,125,545</b>	51,714,483
Trade receivables	1	<b>845,731,755</b>	185,986,403
Prepayments		<b>111,984,106</b>	92,419,151
Dividends receivable		<b>10,462,500</b>	10,462,500
Other receivables	2	<b>6,378,294,553</b>	5,791,930,414
Inventories		<b>441,620,300</b>	354,692,389
Other current assets		<b>168,695,397</b>	139,226,654
Total current assets		<b>13,068,116,665</b>	9,772,712,633
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	3	<b>415,865,890</b>	628,953,457
Long-term equity investments	4	<b>11,880,390,250</b>	11,314,517,179
Fixed assets	5	<b>2,311,443,365</b>	1,007,236,197
Construction in progress	6	<b>920,743,009</b>	1,521,097,734
Construction materials		<b>2,392,156</b>	7,703,927
Intangible assets	7	<b>322,638,199</b>	351,252,411
Long-term deferred assets	8	<b>77,263,141</b>	67,540,287
Deferred tax assets		<b>188,791,180</b>	218,479,375
Other non-current assets	9	<b>2,192,619,193</b>	1,115,103,131
Total non-current assets		<b>18,312,146,383</b>	16,231,883,698
<b>TOTAL ASSETS</b>		<b>31,380,263,048</b>	26,004,596,331



## Balance Sheet *(continued)*

As at 31 December 2012

RMB

*(English Translation for Reference Only)*

LIABILITIES AND OWNERS' EQUITY	Note XI	2012	2011
<b>CURRENT LIABILITIES</b>			
Short-term borrowings		813,470,239	918,268,384
Held-for-trading financial liabilities		4,904,091,049	3,490,174,465
Trade payables	12	184,606,100	170,401,663
Advances from customers		6,453,832	2,110,280
Employee benefits payable		181,366,530	162,244,197
Taxes payable		827,610,817	734,182,864
Other payables		573,408,596	305,890,146
Current portion of non-current liabilities		31,880,000	43,212,700
Other current liabilities		52,807,386	—
Total current liabilities		7,575,694,549	5,826,484,699
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		472,364,000	—
Long-term payables	13	133,426,004	130,610,691
Other non-current liabilities		380,193,126	9,060,768
Total non-current liabilities		985,983,130	139,671,459
<b>TOTAL LIABILITIES</b>		8,561,677,679	5,966,156,158
<b>EQUITY</b>			
Share capital		2,181,196,365	2,181,196,365
Capital reserve		8,864,346,593	8,714,239,590
Special reserve		16,021	16,021
Surplus reserve		1,090,812,600	1,090,812,600
Retained earnings		10,682,213,790	8,052,175,597
<b>TOTAL EQUITY</b>		22,818,585,369	20,038,440,173
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		31,380,263,048	26,004,596,331

## Income Statement

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

	Note XI	2012	2011
Operating income	14	<b>12,242,529,425</b>	11,539,176,241
Less: Operating costs	14	<b>7,519,871,250</b>	6,942,756,168
Taxes and surcharges		<b>183,618,028</b>	123,173,167
Selling expenses		<b>18,585,095</b>	12,116,345
Administrative expenses		<b>529,035,626</b>	520,508,087
Financial expenses	15	<b>(48,375,474)</b>	38,916,258
Impairment losses on assets	16	<b>163,094,469</b>	1,401,806
Add: Gains/(losses) on changes in fair value		<b>56,431,517</b>	(991,265)
Investment income	17	<b>1,999,590,874</b>	1,383,040,214
Including: Share of profits of associates		<b>64,655,526</b>	15,131,318
Operating profit		<b>5,932,722,822</b>	5,282,353,359
Add: Non-operating income		<b>13,016,125</b>	11,272,169
Less: Non-operating expenses		<b>165,506,482</b>	222,455,215
Including: Losses on disposal of non-current assets		<b>4,684,505</b>	7,634,798
<b>PROFIT BEFORE TAX</b>		<b>5,780,232,465</b>	5,071,170,313
Less: Income tax expenses		<b>968,997,907</b>	936,210,685
<b>NET PROFIT</b>		<b>4,811,234,558</b>	4,134,959,628
<b>OTHER COMPREHENSIVE INCOME</b>		<b>150,107,003</b>	(287,164,431)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>4,961,341,561</b>	3,847,795,197



## Statement of Changes in Owners' Equity

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Total equity
I. Closing balance of the preceding year and opening balance of the current year	2,181,196,365	8,714,239,590	16,021	1,090,812,600	8,052,175,597	20,038,440,173
II. Changes for the year						
(I) Net profit	—	—	—	—	4,811,234,558	4,811,234,558
(II) Other comprehensive income	—	150,107,003	—	—	—	150,107,003
Subtotal of comprehensive income	—	150,107,003	—	—	4,811,234,558	4,961,341,561
(III) Profit distributions						
1. Distributions to owners	—	—	—	—	(2,181,196,365)	(2,181,196,365)
(IV) Special reserve						
1. Transfer to special reserve in the current year	—	—	292,710,115	—	—	292,710,115
2. Amount utilised in the current year	—	—	(292,710,115)	—	—	(292,710,115)
Subtotal of (I) to (IV)	—	150,107,003	—	—	2,630,038,193	2,780,145,196
III. Closing balance of the current year	2,181,196,365	8,864,346,593	16,021	1,090,812,600	10,682,213,790	22,818,585,369

## Statement of Changes in Owners' Equity

For the year ended 31 December 2011

RMB

(English Translation for Reference Only)

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Total equity
I. Closing balance of the preceding year and opening balance of the current year	1,454,130,910	9,728,469,476	516,024	771,211,838	5,690,947,641	17,645,275,889
II. Changes for the year						
(I) Net profit	—	—	—	—	4,134,959,628	4,134,959,628
(II) Other comprehensive income	—	(287,164,431)	—	—	—	(287,164,431)
Subtotal of comprehensive income	—	(287,164,431)	—	—	4,134,959,628	3,847,795,197
(III) Profit distributions						
1. Transfer to surplus reserve	—	—	—	319,600,762	(319,600,762)	—
2. Distributions to owners	—	—	—	—	(1,454,130,910)	(1,454,130,910)
(IV) Transfers within owners' equity						
1. Capitalisation of capital reserve	727,065,455	(727,065,455)	—	—	—	—
(V) Special reserve						
1. Transfer to special reserve in the current year	—	—	219,979,364	—	—	219,979,364
2. Amount utilised in the current year	—	—	(220,479,367)	—	—	(220,479,367)
Subtotal of (I) to (V)	727,065,455	(1,014,229,886)	(500,003)	319,600,762	2,361,227,956	2,393,164,284
III. Closing balance of the current year	2,181,196,365	8,714,239,590	16,021	1,090,812,600	8,052,175,597	20,038,440,173



## Statement of Cash Flows

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

	Note XI	2012	2011
<b>I CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from sale of goods and rendering of services		<b>12,387,408,678</b>	11,802,989,933
Sub-total of cash inflows from operating activities		<b>12,387,408,678</b>	11,802,989,933
Cash payments for goods purchased and services received		<b>(7,427,787,755)</b>	(6,969,869,997)
Cash payments to and on behalf of employees		<b>(423,167,409)</b>	(346,589,934)
Payments of various types of taxes		<b>(1,227,011,431)</b>	(1,020,867,944)
Other cash payments relating to operating activities		<b>(475,040,269)</b>	(545,417,942)
Sub-total of cash outflows used in operating activities		<b>(9,553,006,864)</b>	(8,882,745,817)
Net cash flow from operating activities	18	<b>2,834,401,814</b>	2,920,244,116
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash receipts from disposal and recovery of investments		<b>616,114,704</b>	103,747,169
Cash receipts from investment income		<b>1,865,581,211</b>	1,368,484,889
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		<b>22,129,378</b>	55,903,682
Cash receipts from time deposits		<b>310,400,598</b>	493,732,503
Other cash receipts relating to investing activities		—	1,898,746
Sub-total of cash inflows from investing activities		<b>2,814,225,891</b>	2,023,766,989
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		<b>(1,124,415,322)</b>	(698,926,412)
Cash payments to acquire investments		<b>(1,930,380,007)</b>	(3,631,506,005)
Sub-total of cash outflows used in investing activities		<b>(3,054,795,329)</b>	(4,330,432,417)
Net cash flow used in investing activities		<b>(240,569,438)</b>	(2,306,665,428)

## Statement of Cash Flows (continued)

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

	Note XI	2012	2011
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash receipts from borrowings		<b>1,500,834,239</b>	2,168,268,384
Cash receipts from gold leasing business		<b>5,562,270,111</b>	3,489,007,461
Other cash receipts relating to financing activities		<b>228,249,449</b>	19,937,406
Sub-total of cash inflows from financing activities		<b>7,291,353,799</b>	5,677,213,251
Cash repayments of borrowings		<b>(1,133,268,384)</b>	(3,135,054,850)
Cash repayments of gold leasing business		<b>(4,210,075,128)</b>	—
Cash payments for distribution of dividends or profits or settlement of interest expenses		<b>(2,344,915,236)</b>	(1,609,725,509)
Other cash payments relating to financing activities		<b>(1,511,392,819)</b>	(487,443,998)
Sub-total of cash outflows used in financing activities		<b>(9,199,651,567)</b>	(5,232,224,357)
Net cash flow (used in)/from financing activities		<b>(1,908,297,768)</b>	444,988,894
<b>IV EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(4,284,999)</b>	(3,690,283)
<b>V NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>681,249,609</b>	1,054,877,299
Add: Opening balance of cash and cash equivalents		<b>2,690,890,484</b>	1,636,013,185
<b>VI CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	18	<b>3,372,140,093</b>	2,690,890,484



# Notes to Financial Statements

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

## I. CORPORATE INFORMATION

Zijin Mining Group Company Limited (“the Company”) is a joint stock liability limited company, registered in Fujian Province of the People’s Republic of China (“PRC”) on 6 September 2000, under the “Company Law of the People’s Republic of China” (“the Company Law”). The Company’s business registration number is 3500001002192.

As approved (Min Zheng Ti Gu (2000) No.22) by the People’s Government of Fujian Province, Minxi Xinghang State-owned Assets Investment Company Limited (“Minxi Xinghang”) on 17 August 2000, as the principal promoter, together with other promoters including Xinhua Industry Group Company Limited, Shanghang County Jinshan Trading Company Limited, Fujian Xinhua Engineering Company Limited (“Fujian Xinhua”), Xiamen Hengxing Industry Company Limited, Fujian Xinhua Department Store Company Limited, Fujian Gold Group Company Limited (“Fujian Gold Group”) and Fujian Minxi Geological Team (“Minxi Geological Team”) and others, transformed Fujian Province Minxi Zijin Mining Group Company Limited into Fujian Zijin Mining Industry Company Limited since 31 December 1999, as the base date of reorganisation. On 16 June 2004, the Company’s name was changed from Fujian Zijin Mining Industry Company Limited to Zijin Mining Group Company Limited.

Pursuant to the Resolution at the First Extraordinary General Meeting on 28 June 2003 and the approval (Zheng Jian Guo He Zi [2003] No.41) “In Relation To the Approval of Issuing Overseas Listed Foreign Shares by Fujian Zijin Mining Industry Company Limited” granted by the China Securities Regulatory Committee on 18 November 2003, the Company publicly issued 400,544,000 overseas listed foreign shares with a nominal value of RMB0.1 per share at an issue price of Hong Kong dollar (“HKD”) 3.3 (approximately RMB3.516) per share; Minxi Xinghang, Fujian Gold Group and Minxi Geological Team reduced and sold their 36,413,090 state-owned shares at an issue price of HKD3.3 (approximately RMB3.516) per share. As a result of the issue, the Company’s registered capital was changed to RMB131,413,091. Pursuant to the Resolution at the Annual General Meeting dated 28 May 2004 for year 2003, on the transfer of capital reserve into issued capital, the Company transferred its capital reserve of RMB131,413,091 into 1,314,130,910 shares with a nominal value of RMB0.1 per share; the Company’s registered capital was then changed to RMB262,826,182. Pursuant to the Resolution at the Annual General Meeting dated 31 May 2005 for year 2004 on the transfer of capital reserve into issued capital, the Company transferred capital reserve of RMB262,826,182 into 2,628,261,820 shares with a nominal value of RMB0.1 per share; the Company’s registered capital was then changed to RMB525,652,364. Pursuant to the Resolution at the Annual General Meeting for year 2005, dated 18 May 2006, on the transfer of capital reserve into issued capital, the Company transferred capital reserve of RMB525,652,364 into 5,256,523,640 shares with a nominal value of RMB0.1 per share (i.e., every 10 existing ordinary shares for 10 newly issued ordinary shares as a bonus issue based on the 5,256,523,640 issued shares as at the end of 2005). Pursuant to the Resolution at the Annual General Meeting for year 2006, dated 30 April 2007, on the transfer of capital reserve into issued capital, the Company transferred capital reserve of RMB262,826,182 into 2,628,261,820 shares with a nominal value of RMB0.1 per share (i.e., every 10 existing ordinary shares for 2.5 newly issued ordinary shares as a bonus issue based on the 10,513,047,280 issued shares as at the end of 2006). As such, the Company’s registered capital was changed to RMB1,314,130,910. On 25 April 2008, as approved by the China Securities Regulatory Committee ([2008] No.417) and the Shanghai Stock Exchange (Shang Zheng Shang Zi [2008] No. 29) respectively, the Company issued 1.4 billion ordinary shares with a nominal value of RMB0.1 per share at an issue price of RMB7.13 per share and the shares of the Company were listed on the Shanghai Stock Exchange (“IPO A shares”). As such, the Company’s registered capital was changed to RMB1,454,130,910.

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## I. CORPORATE INFORMATION *(continued)*

The 1,050,000,000 IPO A shares issued through the internet became publicly floating on the Shanghai Stock Exchange on 25 April 2008. The 350,000,000 IPO A shares issued through other ways became publicly floating on the Shanghai Stock Exchange on 25 July 2008. Except for 4,210,902,100 shares held by Minxi Xinghang with a lockup period of 36 months, the aggregate of 4,924,966,980 shares held by other holders of domestic shares had a lockup period of 12 months. From the date when the IPO A shares were listed to 27 April 2009, these restricted shares floated publicly, representing a total proportion of 33.87% of issued capital. Up to 31 December 2012, all the Company's issued shares are publicly floating.

Pursuant to the Resolution at the Annual General Meeting for Year 2010 on the transfer of capital reserve into issued capital dated 30 May 2011, the Company transferred capital reserve of RMB727,065,455 into 7,270,654,550 shares with a nominal value of RMB0.1 per share, i.e., 5 new shares for every 10 existing shares based on the total number of issued shares of 14,541,309,100. As at 31 December 2012, the total number of issued shares is 21,811,963,650. Details are disclosed in Note V 37.

The Company's scope of business includes: exploration of mineral resources (for permitted items and the permitted periods, please refer to the permits for exploration of mineral resources); open pit mining (limited to branches) of copper and gold; processing and refining of gold and copper mines; sale of mineral products and research, production and sale of ordinary machinery and equipment; retailing of gold products; information technology services; sales of industrial production information (excluding 9-seat or below vehicles); and chemical products (excluding hazardous chemical items); hydro power; investment in mining business, hotel business, mine construction; and foreign trade. (The above activities may include permitted operating items which require the approval of the relevant governmental bodies before operation.)

The largest shareholder of the Group is Minxi Xinghang, which is registered in the PRC.

The financial statements were approved by the Company's board of directors on 27 March 2013. In compliance with the Articles of the Association of the Company, the financial statements will be proposed for approval at the forthcoming Shareholders' General Meeting.

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### 1. Basis of preparation of financial statements

The financial statements were prepared in accordance with the Basic Standard and 38 Specific Standards of the Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance in February 2006, and Application Guidance for ASBE and other relevant regulations issued thereafter (hereafter referred to as "CAS").

The financial statements have been prepared on a going concern basis.

Except for certain financial instruments, the financial statements have been prepared using historical cost as the principal of measurement in financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with the relevant requirements.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 2. Statement of compliance with CAS

The financial statements have been prepared in accordance with CAS, and presented truly and completely the Company's and consolidated financial position as at 31 December 2012, and the Company's and consolidated financial performance and cash flows for the year then ended.

#### 3. Accounting period

The Group has adopted the calendar year as its accounting year, i.e., from 1 January to 31 December.

#### 4. Functional currency

The Company adopts Renminbi ("RMB") to prepare its financial statements. Except for specially noted instructions, the financial statements are denominated in RMB.

The subsidiaries of the Group, joint ventures and associates determined their own functional currencies according to their primary economic environment in which they operate. The Group adopts RMB to prepare its financial statements.

#### 5. Business combination

A business combination refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

##### **Business combinations involving enterprises under common control**

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. In a business combination under common control, the party which obtains control of other combining enterprise(s) on the combination date is the merging party, the other combining enterprise(s) is (are) the merged party (parties). The combination date is the date on which the merging party actually obtains control of the merged party (parties).

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination/the aggregate face value of shares issued as consideration is adjusted as share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 5. Business combination *(continued)*

#### **Business combinations not involving enterprises under common control**

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. In a business combination not involving common control, the party which obtains control of other combining enterprise(s) on the combination date is the acquirer, the other combining enterprise(s) is (are) the acquiree(s). The combination date is the date on which the acquirer actually obtains control of the acquiree(s).

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date exceed the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is subsequently measured at cost less accumulated impairment losses. Where the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date are less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the consideration of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date. If after that reassessment, the fair value of combination consideration (or the fair value of issued equity securities) and the fair value of the equity interest held in the acquiree prior to the acquisition date are still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 6. Consolidation of financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2012. A subsidiary is an entity whose financial and operating policies are under the control of the Company, directly or indirectly.

Where the accounting policies or accounting periods adopted by subsidiaries are inconsistent with those of the Company, appropriate adjustments are made to the subsidiaries' financial statements in accordance with the accounting policies or accounting periods of the Company. All intra-group balances, transactions, unrealised profit or loss and dividends are eliminated on consolidation.

When the amount of loss for the period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against non-controlling interests. Acquisition of non-controlling interests or disposal of an interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as an equity transaction.

Where a subsidiary is acquired through a business combination involving enterprises not under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements of the acquirer from the acquisition date till the date that such control ceases. In preparation of the consolidated financial statements, the financial statements of an acquired subsidiary shall be adjusted based on the fair value of the subsidiary's identifiable assets, liabilities or contingent liabilities determined at the acquisition date.

Where a subsidiary is acquired through a business combination during the reporting period involving enterprises under common control, the acquiree's operating results and cash flows shall be included in the consolidated financial statements as if the acquiree was under the control of the Group at the very beginning and the comparative amounts of the consolidated financial statements of the Group shall be restated accordingly.

#### 7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 8. Foreign currency transactions and translation of financial statements denominated in foreign currencies

The Group's foreign currency transactions are recorded in the respective functional currency on initial recognition.

A foreign currency transaction is recorded in the functional currency on initial recognition, by applying the prevailing exchange rate on the date of transaction or the average exchange rate through the transaction period. At the balance sheet date, foreign currency monetary items are translated into the functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date, except that exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period, are recognised in profit or loss for the period. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Differences between the re-translated functional currency amount and the original functional currency amount are treated as changes in fair value (including changes of exchange rate) and are recognised in profit or loss or as other comprehensive income.

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into functional currency using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the spot exchange rates on the dates of the transactions or average exchange rates during the transaction period. The exchange differences arising on translation of financial statements denominated in foreign currencies are presented under shareholders' equity in the balance sheet. For disposals of equity interests in foreign operations, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss. For partial disposals, the reclassification is determined on proportion of disposal.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the average exchange rate of the transaction period of cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the statement of cash flows.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 9. Financial instruments

Financial instruments are the contracts that formed the financial assets of one entity, and at the same time formed the financial liabilities or equity instruments of other entities.

##### **Recognition and derecognition of financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset, part of a financial asset or group of financial assets, if one of the following conditions is satisfied:

- (1) The contractual rights to the cash flows from the financial asset expire; or
- (2) the contractual rights to the cash flows from the financial asset is transferred out, or obligated to transfer out all generated cash flows on receipt; and (a) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but has not retained control of the financial asset.

The Group derecognises a financial liability only when the underlying present obligation is settled, discharged or expires. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or to modify the original financial liability's terms substantially, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid should be recognised in profit or loss for the current period.

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

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 9. Financial instruments *(continued)*

#### **Classification and measurement of financial assets**

On initial recognition, the Group's financial assets are classified into one of the categories including: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale investments. Classification of financial assets of the Group is determined on initial recognition. Financial assets are initially measured at fair value. For financial assets at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets, transaction costs are included in their initial recognised amounts.

Subsequent measurement of financial instruments is determined on the classification.

#### *Financial assets at fair value through profit or loss ("FVTPL")*

The Group's financial assets at FVTPL are all financial assets held for trading. A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) it has been acquired principally for the purpose of selling in the near term; or (2) on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) it is a derivative that is not designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. The above financial instruments are subsequently measured at fair value, realised and unrealised profit or loss is recognised when incurred. Dividends or interest income from FVTPL is recognised as profit or loss.

An entity shall not reclassify any financial assets out of the fair value through profit or loss category if upon initial recognition it was designated by the entity as at fair value through profit or loss; and an entity shall not reclassify any financial assets into the fair value through profit or loss category after initial recognition.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortisation is recognised in profit or loss.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortisation is recognised in profit or loss.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 9. Financial instruments *(continued)*

##### **Classification and measurement of financial assets** *(continued)*

###### *Available-for-sale investments*

Available-for-sale investments include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held to maturity investments. Available-for-sale investments are subsequently measured at fair value. The discounted or premium amount of available-for-sale investments is amortised using the effective interest method and the amortisation is recognised as an interest income or expense. Except for impairment losses and exchange differences arising from monetary financial assets are recognised as profit or loss, available-for-sale investments are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income and included in capital reserve. Accumulated gains or losses arising from changes in the fair value are classified as profit or loss on derecognition or when impairment arises. Dividends and interest earned from available-for-sale investments are recognised in profit or loss.

An equity investment instrument without a quoted price in an active market, whose fair value cannot be reliably measured, is recognised and subsequently measured at cost.

##### **Classification and measurement of financial liabilities**

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. Classification of financial liabilities of the Group is determined on initial recognition. For financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial liabilities, transaction costs are included at their initial recognised amounts.

Subsequent measurement of financial liabilities is determined on the classification.

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at FVTPL consist of financial liabilities held for trading. A financial liability is classified as held for trading if one of the following conditions is satisfied: (1) it has been acquired principally for the purpose of repurchasing in the near term; or (2) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) it is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. Financial liabilities at FVTPL are subsequently measured at fair value. Any realised and unrealised gains or losses to the financial liabilities are recognised in profit or loss.

An entity shall not reclassify any financial liabilities out of the FVTPL category if upon initial recognition they were designated by the entity as at FVTPL; and an entity shall not reclassify any financial liabilities into the FVTPL category after initial recognition.

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 9. Financial instruments *(continued)*

#### **Classification and measurement of financial liabilities** *(continued)*

##### *Other financial liabilities*

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

#### **Financial guarantee contracts**

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts are measured at fair value on initial recognition. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are measured at the higher of: (a) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (b) the amount initially recognised less cumulative amortisation recognised in accordance with the principles of revenue recognition.

#### **Derivatives**

The Group uses derivative financial instruments, such as forward commodity purchase contracts for hedging price fluctuation risk. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at fair value. Derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative. For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

Except for the effective cash flow hedging which is recorded in other comprehensive income, changes in fair value on derivatives are recognised as profit or loss.

#### **Fair value of financial instruments**

For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flows analysis and option pricing models.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 9. Financial instruments *(continued)*

##### **Impairment of financial assets**

The Group assesses at each balance sheet date. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

##### *Financial assets measured at amortised cost*

If there is objective evidence that a financial asset carried at amortised cost is impaired, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The reduced amount is recognised in profit or loss. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (the effective interest rate upon initially recognition), and the value of the relevant guaranty should also be taken into account. If a financial asset has a variable interest rate, the present effective discount rate contracted is taken into account.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. If any objective evidence indicates that it has been impaired, the impairment-related losses are recognised in profit or loss for the current period. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 9. Financial instruments *(continued)*

#### **Impairment of financial assets** *(continued)*

##### *Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, the cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment losses on that financial asset previously recognised in profit or loss.

Objective evidence that an available-for-sale equity instrument investment is impaired includes the significant or prolonged decline in the fair value below its cost. In determining what is significant or prolonged decline, judgement is required. The following basis is concerned when determining the significant or prolonged decline. The decline is recognised as significant decline if the fair value of an individual available-for-sale equity instrument investment declines 30% below its cost. The decline is recognised as a prolonged decline if the time period on the decline in the fair value exceeds one year. The amount of reversal of impairment losses on available-for-sale equity instrument is recognised as other comprehensive income and included in capital reserve.

If, subsequent to the recognition of an impairment loss on an available-for-sale debt instrument, there is objective evidence of a recovery in value of the financial asset, the previously recognised impairment loss is reversed and recognised in profit or loss.

##### *Financial assets measured at cost*

If an impairment loss has been incurred on the financial assets measured at cost, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

For long-term equity investments accounted for using the cost method in accordance with the requirements of "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments" and which is not quoted in an active market and its fair value cannot be measured reliably, impairment is accounted for in accordance with the above principle.

#### **Transfer of financial assets**

The Group derecognises a financial asset when it has been transferred substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; The Group does not derecognise those financial assets transferred while retains all the risk and rewards of the ownership.

The Group neither transfers nor retains substantially all the risk and rewards of ownership of financial assets and related accounting treatments are as follows: the Group derecognises financial assets when it retains no control on them, and associated assets and liabilities are recognised at the same time. If the Group retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 10. Hedge accounting

Hedging activities of the Group include fair value hedges.

Fair value hedges refer to hedging of exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Designated effective hedge accounting for hedges through fair value will be recorded as follows:

A gain or loss arising from a change in fair value of a derivative that is designated and qualifies as a fair value hedge is recognised in profit or loss. A gain or loss on the hedged item attributable to the hedged risk is recognised in profit or loss, with a corresponding adjustment to the carrying amount of the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold (except for replacement or extension), terminated, exercised, or no longer qualifies for hedge accounting.

#### 11. Receivables

##### **(1) Receivables that are individually significant and for which bad debt provision has been assessed individually**

A receivable that exceeds RMB10,000,000 is deemed as an individually significant receivable by the Group. If there is objective evidence that an impairment loss has been incurred on the receivable, the carrying amount of the receivable is reduced to the present value of estimated future cash flows. The amount of reduction is recognised as an impairment loss in profit or loss. Objective evidence that a receivable is impaired is evidence that, arising from one or more events that occurred subsequent to the initial recognition of the asset, the estimated future cash flows of the receivable, which can be reliably measured, have been affected.

##### **(2) Receivables that are not individually significant and for which bad debt provision has been assessed individually**

For receivables that are not significant individually, if an impairment loss has been incurred, the carrying amount of the receivable is reduced to the present value of estimated future cash flows. The amount of reduction is recognised as an impairment loss in profit or loss.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 12. Inventories

The Group's inventories mainly include raw materials, work in progress, finished goods, consumable materials and development costs, etc.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion, cost of land, cost of construction and other expenditures incurred in bringing the inventories to their present location and condition. The actual cost of inventories upon delivery is calculated using the weighted average method. Consumable materials included low value consumption and packing materials, which is record at cost in full upon delivery. For property development business, all relevant costs of development will be allocated by apportionment of saleable areas at the completion stage. Cost for unsold area is recorded as development properties.

The perpetual inventory system is maintained for the stock system.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made and recorded in profit or loss. After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. For finished goods, provision for decline in value is made on an item-by-item basis; for raw materials, provision for decline in value is made based on the categories of inventories.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 13. Long-term equity investments

Long-term equity investments includes equity investments in subsidiaries, joint ventures, associates and long-term equity investments over which the Group does not have joint control or significant influence and, without quoted prices in an active market that fair values cannot be reliably measured.

The long-term equity investment is initially measured at its cost. For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of a long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The investment cost is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The costs of the investments acquired other than business combination are recognised as follows: a) acquired by cash, the investment is initially recognised at the actual consideration paid plus the expenses, taxes and other required expenditures directly attributable to the acquisition; b) acquired through issuing equity securities, the investment is initially recognised at the fair value of issuing equity instruments; and c) acquired through investment by investors, the investment is initially recognised at the consideration pertaining to the investment contract or agreement unless the value is unfair; and d) acquired through exchange of non-monetary assets, the cost of investment is initially recognised in accordance with the requirements of "Accounting Standards for Business Enterprises No. 7 - Exchange of Non-monetary Assets".

For long-term equity investments over which the Group does not have joint control or significant influence and without quoted prices in an active market, whose fair values cannot be reliably measured, the Group accounts for such long-term equity investments using the cost method. For long-term equity investments over which the Company has control are accounted for using the cost method in the Company's separate financial statements. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its operating activities.

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee. The long-term equity investment is reviewed for determination of impairment according to related accounting policy.

For long-term equity investments over which the Group has joint control or significant influence, the Group accounts for such long-term equity investments using the equity method. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 13. Long-term equity investments *(continued)*

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. The Group shall reduce the carrying amount of the long-term equity investment for shares of dividends declared of the invested enterprise. However, the share of net loss is only recognised to the extent that the carrying value of the investment is reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised in the shareholders' equity.

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the shareholders' equity attributable to the proportion interest disposed is transferred to profit or loss for the period.

More details about the method of impairment assessment and determination of the provision for impairment losses on investments in associates and joint ventures are disclosed in Note II 26. Details about the method of impairment assessment and provision for impairment losses on long-term equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are disclosed in Note II 9.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 14. Investment properties

An investment property is a property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out, a land use right or a leased-out building held for transfer upon capital appreciation.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment properties are included in the cost of the investment properties when it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment properties, and adopts a depreciation policy for the investment properties which are consistent with that for buildings.

Details of impairment provision for investment properties measured at cost are given in Note II 26.

#### 15. Fixed assets

A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. At the same time, the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered. The cost of a fixed asset is the aggregate cost of purchase price, related taxes and any directly attributable expenditure for bring the asset to its working condition for its intended use. When the Company was incorporated, the used fixed assets invested by shareholders were recorded based on valuation using the replacement cost approach.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 15. Fixed assets *(continued)*

A mining asset (included in Note V 13 Mining assets) is depreciated over its designated estimated production using the units-of-production method or the depreciation is recognised according to the accrued amount of work safety fund and production maintenance fund. Other fixed assets are depreciated over their useful lives using the straight-line method. The annual depreciation rate which is decided with the useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation period (years)	Residual value rate	Annual depreciation rate
Buildings	8-35 years	3%	2.77-12.13%
Power generating and transmission equipment	8-30 years	3%	3.23-12.13%
Plant, machinery and equipment	5-15 years	3%	6.47-19.4%
Leasehold improvements	5 years	3%	19.4%
Furniture and fixtures	4-10 years	3%	9.7-24.25%
Motor vehicles	6 years	3%	16.17%

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

Details on the method for impairment test and provision of fixed assets are disclosed in Note II 26.

#### 16. Construction in progress

Construction in progress is measured at its actual cost. The actual cost includes various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs.

Construction in progress is transferred to a fixed asset when it is ready for its intended use.

Details on the method for impairment test and provision of construction in progress are disclosed in Note II 26.

#### 17. Borrowing costs

Borrowing costs refer to interest and other related costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised when expenditures for such assets fulfill the conditions of capitalisation, whereas other borrowing costs are recorded in profit or loss. Qualifying assets are assets (fixed assets, investment properties and inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 17. Borrowing costs *(continued)*

The capitalisation of borrowing costs can commence only when all of the following conditions are satisfied:

- (1) Expenditures for the asset are being incurred;
- (2) Borrowing costs are being incurred; and,
- (3) Activities relating to the acquisition, construction or production of the asset that are necessary to bring the asset for its intended use or sale has commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. The actual amounts of any borrowing costs subsequently incurred shall be recognised in profit or loss in the period in which they are incurred.

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

- (1) Where funds are borrowed under a specific-purpose borrowing for the acquisition, the amount of interest to be capitalised shall be the actual interest expense less any bank interest earned from depositing the borrowed funds or any investment income on the temporary investment of these funds; or
- (2) Where funds are borrowed under general-purpose borrowings and are utilised for the acquisition, the Company shall determine the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of qualifying assets is interrupted abnormally for a continuous period of more than three months. The borrowing costs incurred during these periods shall be recognised in profit or loss for the current period until the acquisition, construction or production is resumed.

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 18. Intangible assets

Intangible assets are recognised and measured on initial recognition at cost only if the related economic benefits will probably flow into the Group and their costs can be measured reliably. However, the intangible assets acquired through business combination should be measured at fair value separately as intangible assets when their fair values can be reliably measured.

The useful life of the intangible assets shall be assessed according to the estimated beneficial period expected to generate economic benefits. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The useful lives of intangible assets are as follows:

Categories	Useful lives
Land use rights	Beneficial lives (30-50 years)
Exploration and mining rights	Beneficial lives (2-44 years) (Beneficial lives of mining rights are assessed according to the presumed and proved reserve)
Exclusive fishing rights	Beneficial lives (50 years)
Membership of Shanghai Gold Exchange	Beneficial lives (10 years)

Land use rights obtained by the Group are accounted for as intangible assets. As for the construction of plants, factories and other buildings of the Group, the related land use rights, plants, factories and other buildings were accounted for as intangible assets and fixed assets, respectively. Purchase costs of land use rights and buildings were recognised as intangible assets and fixed assets separately. Purchase costs were recognised as cost of fixed assets, only if the separation was impracticable.

Intangible assets with a finite useful life are amortised over their estimated useful lives using the straight-line method or other reasonable systematic methods. For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the financial year, and makes adjustments when necessary.

Intangible assets with indefinite useful lives are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired. Intangible assets with indefinite useful lives may not be amortised. The Group reviews the service life of intangible assets with indefinite useful lives at the end of the financial year. Where there is evidence to prove that the intangible assets have a finite service life, the intangible assets can be amortised according to the accounting standards for intangible assets with a finite useful life.

Exploration and development expenditure is recognised at cost less impairment. Exploration and development expenditure includes cost of geological prospecting for technical consultancy and commercial development of feasibility study which incurred on existing mineral properties, costs of drilling and other associated activities. Such expenditures may be capitalised when the mineral properties are proved to be commercially available and recognise in intangible assets which will be amortised under the units of production method. If any construction was abandoned in the development phase, all costs shall be written off and recognised in profit or loss.

Details on the methods of impairment test and provision of intangible assets are disclosed in Note II 26.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 19. Long-term deferred assets

Long-term deferred assets represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term deferred assets are amortised using the straight-line method over the expected periods in which benefits are derived. Land compensation costs are amortised over the estimated beneficial useful lives of 5 to 50 years, whereas other long-term deferred assets are amortised over estimated useful life.

#### 20. Contingent liabilities

Except for contingent consideration and contingent liabilities arising from business combinations, contingent liabilities are recognised when the Group has an obligation related to a contingency, which meets all of the following conditions:

- (1) It is a present obligation related to a contingency;
- (2) it is probable that an outflow of economic benefits will be required to settle the obligation; and,
- (3) the amount of the obligation can be measured reliably.

The amount recognised as a contingent liability is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. A contingent liability is reviewed at the balance sheet date. Where there is objective evidence that the recognised amount does not reflect the best estimation of the contingency, the contingent liability would be adjusted according to the best estimated amount.

#### 21. Revenue

Revenue is recognised when it is probable that the economic benefits will flow into the Group, the amount can be measured reliably and all of the following conditions are satisfied.

##### **Revenue from sale of goods**

Sales of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold and the relevant amounts of costs can be measured reliably. The amount of sale of goods is determined by the contract or agreed price received or receivable from the buyer, except that the received or receivable contract or agreed price is unfair. Transaction based on contracted deferred payment, which embedded a contract of financing, and the revenue should be measured by the fair value of the contracted price.

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 21. Revenue *(continued)*

#### **Revenue from the rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction shall be recognised using the proportion of completion method. Otherwise, revenue shall be recognised to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: (i) the amount of revenue can be measured reliably; (ii) it is probable that the associated economic benefits will flow to the Company; (iii) the stage of completion of the transaction can be measured reliably and (iv) the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction by the proportion of services performed to date to the total services to be performed. The amount of service income is determined by the contracted or agreed consideration received or receivable, except that the received or receivable contract or agreed price is unfair.

When the Group enters into a contract which contains sale of goods and rendering of services, if the portions of revenue in relation to the sale of goods and rendering of services can be measured separately and individually, the revenue for sale of goods and rendering of services should be accounted for separately. Otherwise, the entire revenue should be accounted for as sale of goods.

#### **Interest income**

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

#### **Rental income**

Revenue from operating leases is recognised on the straight-line basis over the lease terms. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

### 22. Government grants

A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period. A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 23. Income tax

The income tax expenses include current income tax and deferred tax. Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in owners' equity, in which case they are recognised in owners' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

At the balance sheet date, for temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between nil carrying amount of items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

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

- (1) That the deferred tax liability arises from: the initial recognition of goodwill or the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- (2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

For deductible temporary differences, deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised, except:

- (1) Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

At the balance sheet date, deferred tax assets and liabilities are measured at related tax rates according to the requirements of tax laws during the period that the assets are expected to be recovered or the liability expected to be paid. The recognition of deferred tax assets and liabilities also take the recovery or the repayment terms into account.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. At the balance sheet date, the carrying amount of deferred tax assets is reviewed and recognised to the extent that available taxable profits in the future will allow the benefit of deferred tax assets to be utilised.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 23. Income tax *(continued)*

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

#### 24. Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### As lessee under operating leases

Operating lease payments are recognised on the straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

##### As lessor under operating leases

Rental income from operating leases is recognised in profit or loss on the straight-line basis over the term of the relevant lease. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

#### 25. Non-current assets held for sale

The non-current assets that meet the following conditions are accounted for as non-current assets held for sale, excluding financial assets and deferred tax assets:

- (1) the Group has determined to dispose of the non-current assets;
- (2) the Group has entered into an irrevocable transfer agreement with the transferee;
- (3) it is highly probable that the transfer will be completed within one year.

An individual asset or a group of assets classified as non-current assets held for sale does not provide for depreciation or amortisation. Non-current assets held for sale are measured at fair value less disposal cost to the extent of the original carrying amount at the time when conditions for classification as non-current assets held for sale are fulfilled. The portion that the carrying amount exceeds the fair value less disposal cost is recognised as impairment losses in profit or loss.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 26. Impairment of assets

Impairment of assets other than inventories, deferred tax assets, financial assets and long-term equity investments measured at cost which have no quoted market prices in an active market and the fair value cannot be reliably measured is recognised based on the following method:

The Group assesses at each balance sheet date whether there is any indication that the assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Goodwill arising in a business combination and an intangible asset with an indefinite useful life shall be assessed for impairment annually, irrespective of whether there is any indication incurred. Impairment tests of intangible assets should be performed at each year end, even if they are not ready for use.

The recoverable amount of an asset is the higher of fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The recoverable amount is estimated on an individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. Identification of an asset group shall be based on whether there are major cash inflows which are independent from other assets or asset groups.

If the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount shall be reduced to its recoverable amount. The reduction is recognised as an impairment loss and charged to profit or loss. A provision for impairment losses of the asset is recognised accordingly.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is so allocated represents those are expected to benefit from the synergies of the combination and is not larger than a reported segment by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, the Group shall first test the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment. It shall determine and compare the recoverable amount with the related carrying amount and recognise any impairment loss. After that, the Group shall test the asset group or set of asset groups including the goodwill for impairment. The carrying amount is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is lower than its recoverable amount, an impairment loss on goodwill shall be recognised. Firstly, the impairment loss shall be allocated to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups. Then, the impairment loss shall be allocated to the other assets of the asset group or set of asset groups on the basis of the carrying amount of each asset in the asset group or set of asset groups.

Once an impairment loss is recognised, it shall not be reversed in any subsequent period.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 27. Employee benefits

Employee benefits refer to all forms of consideration given and other relevant expenditures incurred by the Group in exchange for service rendered by employees. In the accounting period in which an employee has rendered service to the Group, the Group recognises the employee benefits payable as a liability. When the termination benefits fall due more than one year after the balance sheet date, and if the discounted value is material, it is reflected in the present value.

The Group participates in the employee social security system, such as basic pension insurance, unemployment insurance, medical insurance, housing funds and other social security established by the government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

When the Group terminates the employment relationship with employees before the expiry of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognised with a corresponding charge to the profit or loss for the period.

Internal retirement plans for staff apply the same accounting treatment as termination benefits. The payments made to employee benefits including payroll and social insurance from the termination of rendering service to retirement, which meets the conditions of termination benefits is recognised as employee benefits payable, and recorded in profit or loss.

#### 28. Profits distribution

Cash dividends of the Company are recognised as a liability after they are approved by the shareholders in a general meeting.

#### 29. Related parties

When a party controls, jointly controls or exercises significant influence over another party, or when two or more parties are under the control, joint control or significant influence of the same party, the affiliated party relationships are constituted.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 30. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system.

An operating segment is a component of the Group that meets the following respective conditions:

- (1) Engages in business activities from which the Group may earn revenues and incur expenses;
- (2) Whose operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance;
- (3) For which financial information regarding financial position, operating results and cash flows is available.

Two or more operating segments with similar economic characteristics and satisfied certain conditions can be combined to form a single operating segment.

#### 31. Work safety fund and production maintenance fund

The work safety fund and production maintenance fund accrued pursuant to regulations are recognised as cost of relevant products or profit or loss in the period, and are stated as special reserves. For the utilisation of the fee to pay for safety relevant expenses, the special reserves shall be reversed directly. Capitalised expenditure shall be recognised in fixed assets when the asset is ready for its intended use. The actual expenditure shall be offset with the balance of special reserves and full depreciation is provided for the asset at the same amount.

#### 32. Significant accounting estimates and estimation uncertainty

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

##### Judgements

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

##### *Operating lease commitments as lessor*

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

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

### 32. Significant accounting estimates and estimation uncertainty *(continued)*

#### **Judgements** *(continued)*

##### *Classification between investment properties and fixed assets*

The Group has entered into contracts for buildings under commercial leases. The Group determined that the leased out building is held to earn rentals or for capital appreciation or both and is accounted for as investment properties.

##### *Income tax*

As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision of income tax expenses to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will be accounted in the income tax expenses in the period in which the differences are realised.

#### **Estimation uncertainty**

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

##### *Impairment of available-for-sale investments*

When an available-for-sale investment is impaired, the impairment losses and cumulative losses arising from decline in fair value previously recognised directly in capital reserve is reclassified from capital reserve to profit or loss. The impairment loss is the cost of an available-for-sale investment less any repayments and amortisation. A provision for impairment will be made for available-for-sale investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of "significant" or "prolonged" requires judgement. The Group also assesses other related factors, e.g., fluctuation of stock prices. Reversal of impairment losses of available-for-sale investments should be recognised in capital reserve rather than profit or loss.

##### *Impairment of non-current assets other than financial assets (excluding goodwill)*

The Group assesses whether there are any indicators of impairment for non-current assets other than financial assets at the end of financial year. Intangible assets with an indefinite life are tested for impairment annually and at other times when such an indicator exists. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 32. Significant accounting estimates and estimation uncertainty *(continued)*

##### **Estimation uncertainty** *(continued)*

###### *Useful lives of property, plant and equipment*

Management determines the estimated useful lives of the Group's property, plant and equipment. This estimation is based on the actual useful lives of property, plant and equipment with similar nature and functions and the historical experience. Management will increase the depreciation charge where useful lives are less than previously estimated lives, and will write off or write down technically obsolete or non-strategic assets that have been abandoned.

###### *Impairment of goodwill*

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, the present value of cash flows, which are generated from sets of assets or asset groups considered together with goodwill, is estimated. The Group estimates the present value of cash flows from sets of assets or asset groups by forecasting the related cash flow and selecting a suitable discount rate. Details are disclosed in Note V 16.

###### *Exploration and development expenditures*

Determination of the capitalisation amount of exploration and development expenditures requires estimation of future cash flows and choosing a suitable discount rate in order to calculate the present value.

###### *Bad debt provision for receivables*

Bad debt provision for receivables is estimated according to objective evidence (i.e., the possibility of bankruptcy or serious financial difficulties of debtors) which will affect the recoverable amount of receivables. Bad debt provision is reviewed at every financial year end for re-estimation.

###### *Inventory provision determined on net realisable value*

Inventory provision is provided for those slow-moving inventories or inventories with a carrying amount higher than net realisable value. At the balance sheet date, inventory provision is reviewed individually for slow-moving items or inventories whose carrying amount exceeds the net realisable amount.

###### *Proved mineral reserves*

According to above accounting policies, mining assets and mining rights are depreciated and amortised using the units of production method according to proved mineral reserves. Proved mineral reserves are estimated based on professional knowledge, experience and industrial practice. Most of the time, the estimation basis on probing and estimation could not be accurate. The estimation of reserves is updated in accordance with new technologies and new information. The update of estimation mineral reserves will result in changes of or impact on the Group's operation and development program, and the Group's operating results.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

#### 32. Significant accounting estimates and estimation uncertainty *(continued)*

##### **Estimation uncertainty** *(continued)*

###### *Deferred tax assets*

To the extent that it is probable that the deferred tax assets will ultimately be realised, deferred tax assets shall be recognised. Judgement regarding the timing and amount of future taxable profit, and considerations for tax planning strategies, are needed when estimating the amount of deferred tax assets.

###### *Estimated compensation*

The Group is involved in a number of environmental litigations. The estimated compensation is based on management's understanding of the litigation and the opinions of legal counsels or legal representatives. These estimations are likely to be updated according to the progress of litigation. This may affect the Group's operating results.

###### *Rehabilitation provision*

Pursuant to the regulation of the Australian government, the Group recognises restoration and rehabilitation provision of the mine located in Australia. The amount of provision is an estimate based upon the life of mined tenement, as well as the future timing and cost of such rehabilitation, which depends on an overall judgement of management.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### III. TAX

#### 1. Major taxes and tax rates

Value-added tax ("VAT")	<p>Sales of final gold products and carrying-gold minerals are exempted from VAT. The VAT rate for sales of mining and processing of non-ferrous metals such as iron concentrates, gold concentrates, copper concentrates, zinc concentrates, copper cathodes, zinc bullion, and material sales and processing is 17%. VAT is levied at 17% on the invoiced value of sales and is payable by the purchaser. The taxpayer is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.</p> <p>Pursuant to the Notice of the Ministry of Finance and the State Administration of Tax on the Implementation of the Pilot Policy in respect of Changing the Levy of Business Tax to Value-added Tax for Transportation Industry and Certain Modern Service Industries in the Eight Provinces and Municipalities including Beijing (Cai Shui [2012] No.71), from 1 November 2012, VAT are levied at 11%, 6% and tax rates ranging from 3% to 5% on transportation service income, trademark royalty income and technical service income derived in Fujian Province, respectively.</p>
Business tax	<p>Business tax rate for rental income, hotel service revenue and trademark royalty income is 5%, and that for ground transportation service revenue and construction labor income is 3%. From 1 November 2012, the incomes of transportation service, trademark royalty and technical service derived in Fujian Province and originally subject to business tax are levied under VAT.</p>
City construction and maintenance tax	<p>Levied on actual payment of turnover tax at rates ranging from 1% to 7%.</p>
Resource tax	<p>Tax rates for gold resources ranged from RMB2 to RMB8.5 (2011: RMB2 to RMB6) per tonne depending on the gold ore quantity; tax rates for copper resources ranged from RMB6 to RMB7 (2011: RMB6 to RMB7) per tonne depending on the copper ore quantity; tax rate for iron resource was RMB9.52 (2011: RMB7.14) per tonne according to the ore quantity; tax rate for zinc-lead resources was RMB20 (2011: RMB20) per tonne according to the ore quantity.</p>
Resource compensation fee	<p>The resource compensation fee is calculated according to a certain proportion of mineral sales revenue. The formula is: Mineral sales revenue x Resource compensation rate x Coefficient of mining recovery. Resource compensation rates range from 2% to 4%.</p>
Enterprise income tax	<p>Provision for the PRC income tax has been made at the rate of 25% based on the taxable profits except for certain companies in the Group which are further mentioned below. Provision for Hong Kong profits tax has been made at the rate of 16.5% on the assessable profits arising in Hong Kong for the year. Provision for Australian profits tax has been made at the rate of 30% on the assessable profits arising in Australia for the year.</p>

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### III. TAX *(continued)*

#### 2. Tax incentives and approvals

Pursuant to the Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax (Guo Fa [2007] No.39), enterprises which enjoy preferential tax treatment under the original tax law, administrative rules and regulations and related effective legal documents (collectively known as the "original preferential enterprise income tax policies"), shall transit the preferential tax treatment as follows: from 1 January 2008, new legally prescribed tax rates should be applied to enterprises covered from the original preferential enterprise income tax policies within five years. Enterprises which were granted a preferential tax rate of 15% under the original preferential policies shall pay enterprise income tax at a rate of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012, respectively. Zijin Mining Group (Xiamen) Investment Company Limited ("Xiamen Zijin") and Xiamen Zijin Mining and Metallurgy Technology Company Limited ("Mining and Metallurgy Technology") were granted a tax concession at preferential tax rates of 24% for 2011 and at 25% starting from 1 January 2012.

Pursuant to the Notice in relation to Relevant Matters about Enterprise Income Tax on the Enterprises including Hunchun Zijin Mining Company Limited (Ji Guo Shui Suo Bian Han [2012] No.35) issued by the Jilin Provincial State Tax Bureau on 26 October 2012, Hunchun Zijin Mining Company Limited ("Hunchun Zijin") enjoyed a tax concession of Large-scale Development of Western China at a preferential rate of 15% from 2011 to 2012.



# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

## IV. SCOPE OF CONSOLIDATION

### 1. PRINCIPAL SUBSIDIARIES OF THE COMPANY: (INCLUDING SUBSIDIARIES INDIRECTLY HELD)

#### (1) Principal subsidiaries established or acquired through investments

Company name	Organisation code	Place of registration	Legal representative	Principal activities	Type of entities	Paid-in capital/registered capital		Capital contribution of the Group		Proportion of ownership interest		Proportion of voting rights	Non-controlling interests in the consolidated balance sheet reduced by non-controlling interests in the consolidated income statement	Note
						RMB	RMB	RMB	RMB	Directly	Indirectly			
Gold Mountains (H.K.) International Mining Company Limited ("Gold Mountains H.K.")	Not applicable ("N/A")	Hong Kong, China	N/A	Investment	Limited liability company	HKD838,500,001	HKD838,500,001	HKD838,500,001	100%	100%	100%	—	—	
Bayanaer Zijin Non-Ferrous Metal Company Limited ("Bayanaer Zijin")	76786644-0	Bayanaer City, Inner Mongolia	Zheng Youcheng	Zinc refinery	Limited liability company	375,000,000	252,000,000	252,000,000	67.2%	—	67.2%	29,898,852	—	
Hunchun Zijin	74456685-9	Hunchun City, Jilin Province	Jiang Cheng	Mining, refining and processing of gold, copper and other non-ferrous metals. Mineral resources and geological exploration and its information technology services	Limited liability company	200,000,000	200,000,000	200,000,000	96.63%	3.37%	100%	—	—	
Xinyi Zijin Mining Company Limited ("Xinyi Zijin")	6648436-4	Xinyi City, Guangdong Province	Lin Rongqing	Refining, processing and sales of tin and gold; mineral resources technology support	Limited liability company	200,000,000	200,000,000	200,000,000	100%	—	100%	—	—	
Qinghai West Copper Company Limited ("Qinghai West")	71052565-3	Maqin County, Guo Luo State, Qinghai Province	He Pingzao	Exploration and exploitation of copper mines, and technical support	Limited liability company	120,000,000	120,000,000	120,000,000	100%	—	100%	—	—	
Fujian Zijin Real Estate Company Limited ("Zijin Real Estate")	67183079-4	Xiamen City, Fujian Province	Li Shuhua	Real estate development	Limited liability company	500,000,000	500,000,000	500,000,000	60%	40%	100%	—	—	

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## IV. SCOPE OF CONSOLIDATION *(continued)*

### 1. PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

#### (1) Principal subsidiaries established or acquired through investments *(continued)*

Company name	Organisation code	Place of registration	Legal representative	Principal activities	Type of entities	Paid-in capital/registered capital		Capital contribution of the Group	Proportion of ownership interest		Proportion of voting rights	Non-controlling interests in the consolidated balance sheet reduced by non-controlling interests in the consolidated income statement	Note
						RMB	HKD		Directly	Indirectly			
Zijin International Finance Company Limited ("International Finance")	N/A	Hong Kong	N/A	Bond issuance	Limited liability company	HKD	HKD	HKD	—	100%	100%	—	
Zijin Mining Group Finance Company Limited ("Finance Company")	69437785-6	Shanghai County, Longyan City, Fujian Province	Chen Jingjie	Financing advisory to member units; credit verification and related advisory; agent services; assist member units to settle payments; approved insurance agent services; guarantee provision to member units; entrusted loans and investment among member units; bill acceptance and honour among member units; internal account settlement and clearing among member units; acceptance of deposits from member units; application for loans and financial leasing and inter-company borrowings.	Limited liability company	531,557,000	504,979,150	504,979,150	95%	—	95%	—	Note 1



# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

## IV. SCOPE OF CONSOLIDATION *(continued)*

### 1. PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

#### (2) Principle subsidiaries acquisition not involving enterprises under common control

Company name	Organisation code	Place of registration	Legal representative	Principal activities	Type of entities	Paid-in capital/registered capital RMB	Capital contribution of the Group RMB	Proportion of ownership interest		Proportion of voting rights	Non-controlling interests in the consolidated balance sheet reduced by non-controlling interests in the consolidated income statement RMB	Note
								Directly	Indirectly			
Xinjiang Ashele Copper Company Limited ("Xinjiang Ashele")	71296908-X	AleTai City, Xinjiang	Peng Shiqun	Research and exploration of geological resources; production, processing and sales of mineral products; technological and transportation services of geological mining, environmental protection and development of tourism	Joint-stock liability limited company	250,000,000	127,500,000	51%	—	51%	—	
Norton Gold Fields Limited ("Norton Gold Fields")	N/A	Australia	N/A	Production of gold; geological resource exploration and related technological services	Joint-stock liability limited company	AUD76,651,533	AUD157,484,842	—	89.15%	89.15%	6,481,019	Note 2
Zijin Copper Company Limited ("Zijin Copper")	68508216-7	Shanghang County, Longyan City, Fujian Province	Wu Jianhui	Refinery and sales of copper cathodes, gold and silver, production and sales of vitrol	Limited company	1,818,300,000	1,818,300,000	100%	—	100%	—	
Luoyang Yinhu Gold Refinery Company Limited ("Luoyang Yinhu")	71911452-7	Luoyang City, Henan Province	Lu Wenyan	Gold and silver refining and purchase of mining gold; gold transaction agency, sales of mineral products and mining pit design and research	Limited liability company	150,000,000	105,000,000	70%	—	70%	—	

# The above principal subsidiaries are included in the scope of consolidation. As at 31 December 2012 and 2011, there were no other items which in substance formed part of the Group's net investments in the above principal subsidiaries.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### IV. SCOPE OF CONSOLIDATION *(continued)*

#### 1. PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Note 1: Pursuant to the Resolution of the Shareholders' Meeting dated 13 February 2012, the Finance Company transferred its retained earnings of RMB31,557,000 to issued capital. As at 31 December 2012, the registered capital of the Finance Company was RMB531,557,000.

Note 2: Pursuant to the Bid Implementation Deed entered into between Jinyu (H.K.) International Mining Company Limited ("Jinyu H.K."), a subsidiary of the Group, and Norton Gold Fields, the Group made a conditional off-market cash takeover offer with an offer price of AUD0.25 per share for all of the issued shares (excluding the shares pre-owned by the Group). As at the end of the takeover offer, Jinyu H.K. acquired a 72.17% equity interest in Norton Gold Fields at a consideration of AUD155,960,141 (approximately RMB1,031,039,268). As at 31 December 2012, including the 16.98% equity interests acquired before the takeover offer, the Group held a total 89.15% equity interest in Norton Gold Fields. As such, Norton Gold Fields was included in the scope of consolidation.

The management of the Company considered that fund transfers from the subsidiaries to the Company are without restriction.

#### 2. CHANGES IN THE SCOPE OF CONSOLIDATION

The scope is consistent with the previous year, except for the newly established subsidiaries and the changes stated in Note IV. 3, 4 and 5.

#### 3. NEW ENTITIES THAT HAVE BEEN CONSOLIDATED AND CONSOLIDATED ENTITIES THAT ARE EXCLUDED FROM CONSOLIDATION IN THE CURRENT YEAR

New entities that have been consolidated in 2012:

Company Name	Notes	Net assets at 31 December 2012	Net Loss from the acquisition date/ date of establishment to 31 December 2012
Norton Gold Fields	(Note IV.1 note 2)	1,224,214,938	(59,732,897)
Ankang Jinfeng Mining Company Limited ("Ankang Jinfeng")	(Note IV.4(i))	173,238,640	(1,761,360)
Longsheng County Dexin Mining Company Limited ("Longsheng Dexin")	(Note IV.4(ii))	104,745,735	(254,265)
Xinjiang Aletai Jinhao Iron Company Limited ("Jinhao Iron")	(i)	497,593,682	(19,465,465)
Yunnan Zixing Investment Company Limited ("Yunnan Zixing")	(ii)	25,500,000	—
Guizhou Zijin Mining and Metallurgy Technology Company Limited ("Guizhou Zijin Mining and Metallurgy")	(iii)	1,000,000	—
		<b>2,026,292,995</b>	<b>(81,213,987)</b>



# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

## IV. SCOPE OF CONSOLIDATION *(continued)*

### 3. NEW ENTITIES THAT HAVE BEEN CONSOLIDATED AND CONSOLIDATED ENTITIES THAT ARE EXCLUDED FROM CONSOLIDATION IN THE CURRENT YEAR *(continued)*

- (i) Jinhao Iron was established on 13 January 2012 with an initial registered capital of RMB10,000,000. Fuyun Jinshan Mining and Metallurgy Company Limited ("Fuyun Jinshan") and Xinjiang Jinbao Mining Company Limited ("Xinjiang Jinbao"), subsidiaries of the Group, injected capital of RMB5,100,000 and RMB1,000,000 in cash respectively, holding a 51% and 10% equity interest in Jinhao Iron, respectively. Pursuant to the Resolution of Shareholders' Meeting of Jinhao Iron dated 16 April 2012, the registered capital increased from RMB10,000,000 to RMB500,000,000, Fuyun Jinshan made a further investment of RMB43,900,000 in cash, RMB187,100,000 in kind and RMB18,900,000 in land use rights. Xinjiang Jinbao made a further investment of RMB49,000,000 in cash. The shareholding proportion remained the same after the capital enlargement.
- (ii) Yunnan Zixing was established on 21 November 2012 with an initial registered capital of RMB50,000,000, Zijin Mining Group Southwest Company Limited ("Southwest Company"), a subsidiary of the Company, injected RMB25,500,000, holding a 51% equity interest in Yunnan Zixing. As at 31 December 2012, Southwest Company held a 51% equity interest in Yunnan Zixing, as such, Yunnan Zixing was included in the scope of consolidation.
- (iii) Guizhou Zijin Mining and Metallurgy was established on 14 November 2012 with an initial registered capital of RMB1,000,000, Guizhou Zijin Mining Company Limited ("Guizhou Zijin"), a subsidiary of the Company, injected capital in cash. As at 31 December 2012, Guizhou Zijin held a 100% equity interest in Guizhou Zijin Mining and Metallurgy, as such, it was included in the scope of consolidation.

Entities that are excluded from the consolidation in 2012:

	Note	Net assets on disposal date	Net profit/(loss) from the beginning of 2012 to the disposal date
Hunan Jinfeng Mining Company Limited ("Hunan Jinfeng")	(Note IV.5(i))	20,643,871	80,451
Funing Zhenglong Gold Mining Exploration Company Limited ("Funing Zhenglong")	(Note IV.5(ii))	37,699,779	1,970,878
Great Khingan Jindi Mining Company Limited ("Jindi Mining")	(Note IV.5(iii))	(37,674)	(720,315)
		<b>58,305,976</b>	<b>1,331,014</b>

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### IV. SCOPE OF CONSOLIDATION *(continued)*

#### 4. BUSINESS COMBINATIONS NOT INVOLVING ENTERPRISES UNDER COMMON CONTROL

	Note	Goodwill	Accounting method of goodwill
Norton Gold Fields	(Note IV.1 note 2)	157,778,981	The excess of consideration
Ankang Jinfeng	(i)	—	over the fair value of identifiable
Longsheng Dexin	(ii)	—	net assets of the acquiree
		157,778,981	

(i) Pursuant to the Share Transfer Agreement entered into between Shanxi Ankang Zijin Company Limited (“Ankang Zijin”), a subsidiary of the Company, and Lin Jingrong, an individual shareholder of Ankang Jinfeng, dated 31 January 2012, Ankang Zijin acquired a 70% equity interest in Ankang Jinfeng at a consideration of RMB122,500,000. As at 31 December 2012, Ankang Zijin, a subsidiary of the Company, held a 70% equity interest in Ankang Jinfeng, which was included in the scope of consolidation.

(ii) Pursuant to the Capital Enlargement Agreement entered into among the Company, Southwest Company, a subsidiary of the Company, Liu Zhendong and Pan Jianyun, the individual shareholders of Longsheng Dexin, dated 1 April 2012, Longsheng Dexin increased its registered capital from RMB32,000,000 to RMB105,000,000, the Group injected capital of RMB73,500,000, holding a 70% equity interest in Longsheng Dexin. As such, Longsheng Dexin was included in the scope of consolidation.

The fair value of the identifiable assets and liabilities of acquired subsidiaries listed above on acquisition date are as follows:

	Norton Gold		Longsheng	Total
	Fields	Ankang Jinfeng	Dexin	
Current assets	532,014,150	6,450,571	75,376,466	613,841,187
Non-current assets	1,751,053,257	171,450,552	94,197,596	2,016,701,405
Current liabilities	(317,115,853)	(2,901,123)	(47,312,264)	(367,329,240)
Non-current liabilities	(682,003,719)	—	(17,261,798)	(699,265,517)
Subtotal	1,283,947,835	175,000,000	105,000,000	1,563,947,835
Non-controlling interests	(156,441,153)	(52,500,000)	(31,500,000)	(240,441,153)
Total equity attributable to the Group	1,127,506,682	122,500,000	73,500,000	1,323,506,682
Goodwill	157,778,981	—	—	157,778,981
Consideration for the combination	1,285,285,663	122,500,000	73,500,000	1,481,285,663



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### IV. SCOPE OF CONSOLIDATION *(continued)*

#### 4. BUSINESS COMBINATIONS NOT INVOLVING ENTERPRISES UNDER COMMON CONTROL *(continued)*

The carrying amount of the identifiable assets and liabilities of acquired subsidiaries listed above on acquisition dates are as follows:

	Norton Gold		Longsheng	
	Fields	Ankang Jinfeng	Dexin	Total
Current assets	532,014,150	6,450,571	75,376,466	613,841,187
Non-current assets	1,212,354,521	108,676,178	25,150,404	1,346,181,103
Current liabilities	(317,115,853)	(2,901,123)	(47,312,264)	(367,329,240)
Non-current liabilities	(511,455,934)	—	—	(511,455,934)
Subtotal	915,796,884	112,225,626	53,214,606	1,081,237,116
Non-controlling interests	(99,363,962)	(33,667,688)	(15,964,382)	(148,996,032)
Total equity attributable to the Group	816,432,922	78,557,938	37,250,224	932,241,084

The cash flows and operating results accumulated from the acquisition date to the end of 2012:

	Norton Gold		Longsheng	
	Fields	Ankang Jinfeng	Dexin	Total
Revenue	630,088,371	23,245	1,340,910	631,452,526
Net loss	(59,732,897)	(1,761,360)	(254,265)	(61,748,522)
Net cash outflows	(200,156,747)	(54,885)	(53,764,492)	(253,976,124)

The net cash flows of the acquired subsidiaries listed above:

	Norton Gold		Longsheng	
	Fields	Ankang Jinfeng	Dexin	Total
Consideration for the acquisition of subsidiaries	1,285,285,663	122,500,000	73,500,000	1,481,285,663
Less: Fair value of equity interests held by the Group before acquisition date	254,246,395	—	—	254,246,395
Cash and cash equivalents paid for acquisition of subsidiaries	1,031,039,268	122,500,000	73,500,000	1,227,039,268
Less: Cash and cash equivalents held by subsidiaries on acquisition date	324,466,434	5,851,262	73,905,912	404,223,608
Net cash out/(in)-flows upon acquisition of subsidiaries	706,572,834	116,648,738	(405,912)	822,815,660

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### IV. SCOPE OF CONSOLIDATION *(continued)*

#### 5. SUBSIDIARIES REDUCED IN CURRENT YEAR DUE TO THE DISPOSAL OF EQUITY INTEREST WHICH RESULTED IN A LOSS OF CONTROL

Company name	Registered address	Principal Activities	Proportion of equity attributable to the Group	Proportion of voting rights attributable to the Group	Reasons for deconsolidation	Disposal/de-register date	Note
Hunan Jinfeng	Anhua County, Yiyang City, Hunan Province	Exploitation and processing of vanadium, establishment of related sales projects	100%	100%	Deregistered	8 March 2012	(i)
Funing Zhenglong	Funing County, Wenshan State, Yunnan Province	Gold ore dressing and sales	51%	51%	Disposal	19 September 2012	(ii)
Jindi Mining	Heilongjiang Province Great Khingan Region	Research and development and sales of mineral products	60%	60%	Deregistered	23 June 2012	(iii)

- (i) Hunan Jinfeng, which was established by the Company as a subsidiary in 2007, was deregistered on 8 March 2012. As such, Hunan Jinfeng was excluded from the scope of consolidation.
- (ii) Pursuant to the Share Transfer Agreement entered into between the Company and Wenshanzhou Longxing Company Limited, the Company transferred its 51% equity interest in Funing Zhenglong at a consideration of RMB29,875,696. As such, Funing Zhenglong was excluded from the scope of consolidation.
- (iii) Jindi Mining, which was acquired by the Company as a subsidiary in 2010, was deregistered on 23 June 2012. As such, Jindi Mining was excluded from the scope of consolidation.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### IV. SCOPE OF CONSOLIDATION *(continued)*

#### 5. SUBSIDIARIES REDUCED IN CURRENT YEAR DUE TO THE DISPOSAL OF EQUITY INTEREST WHICH RESULTED IN A LOSS OF CONTROL *(continued)*

The financial information of disposed subsidiaries on disposal dates:

	Hunan Jinfeng	Funing Zhenglong	Jindi Mining	Total
Current assets	20,643,872	33,291,101	215,826	54,150,799
Non-current assets	—	43,197,280	—	43,197,280
Current liabilities	—	(38,788,602)	(253,500)	(39,042,102)
	20,643,872	37,699,779	(37,674)	58,305,977
Non-controlling interests	—	18,472,892	(15,069)	18,457,823
	20,643,872	19,226,887	(22,605)	39,848,154
Gains/(losses) on disposal	(90,579)	10,648,809	22,605	10,580,835
Consideration of disposal	20,553,293	29,875,696	—	50,428,989

Financial information of the disposed subsidiaries as at 31 December 2011

	Hunan Jinfeng	Funing Zhenglong	Jindi Mining	Total
Current assets	20,563,420	24,437,475	682,641	45,683,536
Non-current assets	—	45,603,253	—	45,603,253
Current liabilities	—	(34,402,469)	—	(34,402,469)
	20,563,420	35,638,259	682,641	56,884,320
Non-controlling interests	—	17,462,746	273,057	17,735,803
Equity attributable to the Group	20,563,420	18,175,513	409,584	39,148,517

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### IV. SCOPE OF CONSOLIDATION *(continued)*

#### 5. SUBSIDIARIES REDUCED IN CURRENT YEAR DUE TO THE DISPOSAL OF EQUITY INTEREST WHICH RESULTED IN A LOSS OF CONTROL *(continued)*

The operating results of subsidiaries, disposed in the current year, from 1 January 2012 to the disposal date:

	Hunan Jinfeng	Funing Zhenglong	Jindi Mining	Total
Revenue	—	18,187,704	—	18,187,704
Cost of sales	—	10,051,520	—	10,051,520
Net profit/(loss)	80,451	1,970,878	(720,315)	1,331,014

Net cash flows in respect of disposal of the subsidiaries listed above:

	Hunan Jinfeng	Funing Zhenglong	Jindi Mining	Total
Consideration of disposal	20,553,293	29,875,696	—	50,428,989
Cash and cash equivalents received upon disposal of subsidiaries	20,553,293	29,875,696	—	50,428,989
Less: Cash and cash equivalent held by subsidiaries upon disposal	20,643,872	19,840,236	215,826	40,699,934
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	(90,579)	10,035,460	(215,826)	9,729,055

#### 6. EXCHANGE RATE USED FOR FOREIGN OPERATIONS

	Average exchange rate		Closing exchange rate	
	2012	2011	2012	2011
USD	<b>6.3124</b>	6.4450	<b>6.2855</b>	6.3009
HKD	<b>0.8137</b>	0.8278	<b>0.8108</b>	0.8107
RUB	<b>0.2030</b>	0.2199	<b>0.2061</b>	0.1966
AUD	<b>6.5326</b>	6.5326	<b>6.5363</b>	6.4093



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. CASH AND CASH EQUIVALENTS

	2012			2011		
	Original amount	Exchange Rate	RMB	Original amount	Exchange rate	RMB
Cash						
RMB	6,792,520	1.0000	6,792,520	6,895,007	1.0000	6,895,007
Bank deposit						
RMB	5,055,232,601	1.0000	5,055,232,601	3,708,448,592	1.0000	3,708,448,592
HKD	454,863,141	0.8108	368,803,035	778,623,250	0.8107	631,229,869
USD	69,307,165	6.2855	435,630,187	58,538,832	6.3009	368,847,326
GBP	191,529	10.1611	1,946,142	417,407	9.7116	4,053,692
Canadian dollar ("CAD")	4,717,221	6.3184	29,805,287	7,807,135	6.1777	48,230,140
AUD	11,917,858	6.5363	77,898,697	1,941,313	6.4093	12,442,460
RUB	64,793,222	0.2061	13,353,883	16,100,458	0.1966	3,165,350
Others	N/A	N/A	40,618,594	N/A	N/A	7,379,012
Other monetary funds						
RMB (Note 1)	1,006,315,489	1.0000	1,006,315,489	1,389,318,207	1.0000	1,389,318,207
USD (Note 2)	69,525,793	6.2855	437,004,372	—	—	—
			7,473,400,807			6,180,009,655

Note 1: As at 31 December 2012, other monetary funds in RMB mainly included: (1) Land restoration and environmental costs of RMB54,334,604 (31 December 2011: RMB53,372,359). Pursuant to the rules of Longyan Municipal Government, the Company provided land restoration and environmental recoverability costs and deposited the funds in a specified bank account. The fund was restricted to the use of land restoration and environmental recoverability. (2) Security fund for short-term borrowings (Note V.22 note 1) of RMB105,000,000 (31 December 2011: RMB567,800,000). (3) Time deposits as security fund for short-term borrowings (Note V.22 note 1) of RMB200,000,000 (31 December 2011: Nil). (4) Deposit pledged to a bank for donation of RMB41,027,667 (31 December 2011: RMB65,105,946), which was restricted to use. (5) Guarantee deposits of RMB49,696,860 (31 December 2011: RMB45,747,114), which was restricted to use. (6) Time deposits with maturity for more than three months of RMB269,727,329 (31 December 2011: RMB530,061,797). (7) Deposit for bank acceptance bills of RMB1,870,000 (31 December 2011: RMB400,000). (8) Deposit in the Shanghai Gold Exchange of RMB284,659,029 (31 December 2011: RMB126,496,417).

In addition, as at 31 December 2011, bank deposits of RMB334,574 of Xinyi Zijin, a subsidiary of the Company, were frozen by the People's Court due to the litigation compensation dispute between Xinyi Zijin and Xinyi Municipal Government and local victims. As at 20 September 2012, an agreement was entered into between Xinyi Zijin, Xinyi Municipal Government and local victims, according to which a compensation amounting to RMB245,000,000 was paid by Xinyi Zijin, thus the People's Court unfroze the frozen assets.

Note 2: As at 31 December 2012, other monetary funds in USD mainly included: (1) Security fund for short-term borrowings (Note V.22 note 1) of USD41,645,118, approximately RMB261,760,389 (31 December 2011: Nil). (2) Time deposits with maturity for more than three months of USD27,880,675, approximately RMB175,243,983 (31 December 2011: Nil).

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 1. CASH AND CASH EQUIVALENTS *(continued)*

As at 31 December 2012, cash and cash equivalents of RMB642,328,812 (31 December 2011: RMB655,755,035) was deposited outside Mainland China, including a deposit of RMB275,840,938 (31 December 2011: RMB405,801,667) of Gold Mountains H.K.

Current deposits earn interest at the rate based on current deposit interest rates. Maturities of short-term time deposits range from 7 days to 12 months depending on the fund arrangement of the Group. Time deposit earns interest at the relevant rate with different maturities.

#### 2. HELD-FOR-TRADING FINANCIAL ASSETS

	2012	2011
Derivative financial assets (Note 1)	<b>134,717,063</b>	10,579,071
Held-for-trading equity investments (Note 2)	<b>477,930,012</b>	136,299,568
Held-for-trading debt investments	<b>7,769,400</b>	16,542,000
Fair value hedges – provisional price arrangements (Note 3)	<b>6,327,047</b>	85,705,153
Others	<b>44,199,743</b>	14,903,211
	<b>670,943,265</b>	264,029,003

Note 1: The Group has entered into gold forward contracts in accordance with the quantity, specification and repayment terms of gold to be returned to banks for the purpose of hedging certain risks arising from gold price fluctuation from gold leasing business. As at 31 December 2012, gains on changes in the fair value arising from derivative financial assets were RMB121,618,801 (31 December 2011: Nil).

Note 2: The investments in stocks aimed at making short-term profits.

Note 3: The embedded derivative financial instrument, which is a provisional price arrangement extracted from copper concentrates purchase contracts were used to hedge the commodities price risk of Zijin Copper, a subsidiary of the Group. This arrangement is to prevent price risk arising from the fluctuation of the fair value of the inventories corresponding to the copper market prices.

The management considered that the recoverability of held-for-trading financial assets was not restricted significantly as at 31 December 2012 and 31 December 2011.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 3. BILLS RECEIVABLE

	2012	2011
Bank acceptance bills	<b>546,999,815</b>	571,697,737
Commercial acceptance bills	<b>28,500,000</b>	3,000,000
	<b>575,499,815</b>	574,697,737

As at 31 December 2012, there were no bills receivable (31 December 2011: Nil) due from shareholders holding at least 5% of the Company's shares with voting powers. As at 31 December 2012, no carrying amount of bills receivable was pledged as security (31 December 2011: Nil). As at 31 December 2012, bank acceptance bills of RMB76,278,853 (31 December 2011: RMB3,839,092) were discounted for short-term borrowings. As at 31 December 2012, no commercial acceptance bills were discounted for short-term borrowings (31 December 2011: Nil).

As at 31 December 2012 and 31 December 2011, there were no bills receivable which were converted to account receivables due to the drawer's inability to settle the note on maturity.

At 31 December 2012, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Derecognised Bills"), to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB74,445,575 (31 December 2011: RMB5,200,000). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equals to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the relevant periods, the Group has not recognised any gain or loss on the date of transferring the Derecognised Bills. No gain or loss was recognised from the continuing involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the relevant period.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 3. BILLS RECEIVABLE *(continued)*

Top five entities with the largest balance of bills receivable endorsed by the Group to other parties which were not yet due at 31 December 2012:

<b>Name of drawer</b>	<b>Date of issuance</b>	<b>Maturity date</b>	<b>Amount</b>
TCL Air-conditioning (Wuhan) Company Limited	27 December 2012	27 June 2013	10,000,000
Zhangzhou Guangcheng Household Appliances Company Limited	5 September 2012	4 March 2013	6,000,000
TCL Air-conditioning (Zhongshan) Company Limited	29 November 2012	29 May 2013	4,000,000
TCL Air-conditioning (Zhongshan) Company Limited	29 November 2012	29 May 2013	4,000,000
TCL Air-conditioning (Zhongshan) Company Limited	29 November 2012	29 May 2013	4,000,000
			28,000,000

Top five entities with the largest balance of bills receivable endorsed by the Group to other parties which were not yet due at 31 December 2011:

<b>Name of drawer</b>	<b>Date of issuance</b>	<b>Maturity date</b>	<b>Amount</b>
Shaanxi Longmen Iron and Steel Company Limited	14 July 2011	14 January 2012	3,000,000
Shaanxi Qinma Materials Company Limited	5 July 2011	5 January 2012	1,000,000
Turpan City Yuantai Metal Casting Company Limited	6 July 2011	5 January 2012	500,000
Turpan City Yuantai Metal Casting Company Limited	6 July 2011	5 January 2012	500,000
Wuxi Heming Ductile Iron Foundry	7 July 2011	7 January 2012	100,000
			5,100,000



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 4. TRADE RECEIVABLES

Trade receivables are interest-free with a credit period of one month in general. The credit period for major customers may be extended up to four months.

An ageing analysis of the trade receivables is as follows:

	2012	2011
Within 1 year	<b>810,228,920</b>	475,470,028
Over 1 year but within 2 years	<b>26,405,155</b>	13,069,973
Over 2 years but within 3 years	<b>11,514,683</b>	421,188
Over 3 years	<b>739,441</b>	318,801
	<b>848,888,199</b>	489,279,990
Less: Bad debt provision	<b>7,393,935</b>	167,565
	<b>841,494,264</b>	489,112,425

The sales of gold bullion are settled on the transaction dates. The credit periods on the sales of other products such as copper cathodes, zinc bullion and ore concentrates range from 30 to 120 days. Each customer is granted a maximum credit limit. The Group maintains 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.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 4. TRADE RECEIVABLES *(continued)*

The movements of bad debt provision of the trade receivables:

	At 1 January 2012		Reductions		At 31 December 2012
	2012	Additions	Reversal	Write-off	2012
2012	167,565	7,226,370	—	—	7,393,935

	At 1 January 2011		Reductions		At 31 December 2011
	2011	Additions	Reversal	Write-off	2011
2011	91,021	76,544	—	—	167,565

	2012				2011			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and for which bad debt provision has been assessed individually	738,548,166	87.00	—	—	339,700,589	69.43	—	—
Others insignificant	110,340,033	13.00	7,393,935	6.70	149,579,401	30.57	167,565	0.11
	848,888,199	100	7,393,935	0.87	489,279,990	100	167,565	0.03

As at 31 December 2012, the Group's trade receivables denominated in AUD amounted to AUD 13,968,256, approximately RMB91,300,709, the exchange rate used was AUD1 to RMB6.5363 (31 December 2011: Nil).

There were no trade receivables for which full or comparative portion of bad debt provision have been made prior to the end of the reporting period, but are reversed or received, or received by restructuring during the current year (2011: Nil).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 4. TRADE RECEIVABLES *(continued)*

Top five entities with the largest balances of trade receivables:

**31 December 2012:**

Name of entity	Relationship with the Group	Amount	Ageing	Proportion of trade receivables (%)
State Bureau of Material Reserve	Third party	160,037,289	Within 1 year	18.85
Xiamen Baotuo Resource Company Limited	Third party	148,840,021	Within 1 year	17.53
Jinchuan Group Company Limited	Third party	66,063,809	Within 1 year	7.78
Western Australian Mint	Third party	58,641,481	Within 1 year	6.91
Xiamen Tungsten Joint Stock Company Limited	Third party	38,011,774	Within 1 year	4.48
		471,594,374		55.55

31 December 2011:

Name of entity	Relationship with the Group	Amount	Ageing	Proportion of trade receivables (%)
Jinchuan Group Company Limited	Third party	143,471,551	Within 1 year	29.32
Shanghai Gold Exchange	Third party	65,266,786	Within 1 year	13.34
Zhuhai Zixin Trading Company Limited	Third party	23,000,468	Within 1 year	4.70
Guangdong Zhigao Air-conditioning Company Limited	Third party	18,103,339	Within 1 year	3.70
Guangdong Kelong Air-conditioning Company Limited	Third party	15,673,527	Within 1 year	3.20
		265,515,671		54.26

As at 31 December 2012, there were no trade receivables (31 December 2011: Nil) due from shareholders holding at least 5% of the Group's shares with voting powers. As at 31 December 2012, trade receivables included balances due from related parties of RMB2,073,154, accounting for 0.24% (31 December 2011: 0.36%) of the total amount of trade receivables. Further information is disclosed in Note VI RELATED PARTY RELATIONSHIPS AND TRANSACTIONS.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 5. PREPAYMENTS

Ageing analysis of the prepayments:

	2012		2011	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	<b>847,975,866</b>	<b>88.52</b>	1,620,926,836	95.83
Over 1 year but within 2 years	<b>92,314,829</b>	<b>9.64</b>	58,174,732	3.44
Over 2 years but within 3 years	<b>10,671,763</b>	<b>1.11</b>	4,996,901	0.29
Over 3 years	<b>7,013,657</b>	<b>0.73</b>	7,419,229	0.44
	<b>957,976,115</b>	<b>100</b>	1,691,517,698	100

As at 31 December 2012, there were no prepayments with significant balances aged over one year (31 December 2011: Nil).

Top five entities with the largest balances of prepayments at 31 December 2012:

Name of entity	Relationship with the Group	Amount	Prepayment term	Reason for unsettlement
Fujian Minnan Construction Engineering Company Limited	Third party	40,000,000	Within 1 year	Transaction not yet completed
Mrs Zhao Meiguang	Third party	25,000,000	Within 1 year	Transaction not yet completed
Xiamen Zijin Zhonghang Real Estate Company Limited ("Xiamen Zijin Zhonghang")	Joint venture	23,430,925	Within 1 year	Transaction not yet completed
Shenzhen Penavico Logistics Company Limited, Tianjin Branch	Third party	19,564,605	Within 1 year	Transaction not yet completed
Dongshengmiao Mining Company Limited	Third party	18,656,969	Within 1 year	Transaction not yet completed
Total		126,652,499		



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 5. PREPAYMENTS *(continued)*

Top five entities with the largest balances of prepayments at 31 December 2011:

Name of entity	Relationship with the Group	Amount	Prepayment term	Reason for unsettlement
Xiamen Land Development Corporation	Third party	320,600,000	Within 1 year	Transaction not yet completed
Finance Bureau of Longyan City	Third party	239,000,000	Within 1 year	Transaction not yet completed
Land and Resources Bureau of Longyan City	Third party	239,000,000	Within 1 year	Transaction not yet completed
Wancheng Commercial Dongshengmiao Company Limited ("Wancheng Commercial")	An associate of the Group	203,032,907	Within 1 year	Transaction not yet completed
Liancheng Land Reserve Center	Third party	63,720,000	Within 1 year	Transaction not yet completed
Total		1,065,352,907		

As at 31 December 2012, there was no balance of prepayments (31 December 2011: Nil) due from shareholders holding at least 5% of the Company's shares with voting powers. As at 31 December 2012, the prepayments to related parties amounted to RMB35,177,891, accounting for 3.67% of total prepayments (31 December 2011: 12.24%), further information is disclosed in Note VI RELATED PARTY RELATIONSHIPS AND TRANSACTIONS.

As at 31 December 2012, the Group's prepayments denominated in USD amounted to USD17,241,689, approximately RMB108,372,634, the exchange rate used was USD1 to RMB6.2855, and prepayments denominated in AUD amounted to AUD2,370,353, approximately RMB15,493,338, the exchange rate used was AUD1 to RMB6.5363. As at 31 December 2011, the Group's prepayments denominated in USD amounted to USD8,794,797, approximately RMB55,415,136, the exchange rate used was USD1 to RMB6.3009.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 6. OTHER RECEIVABLES

Ageing analysis of the other receivables:

	2012	2011
Within 1 year	<b>975,278,024</b>	480,564,295
Over 1 year but within 2 years	<b>158,905,913</b>	114,835,953
Over 2 years but within 3 years	<b>97,491,761</b>	308,822,222
Over 3 years	<b>303,085,419</b>	92,958,001
	<b>1,534,761,117</b>	997,180,471
Less: Bad debt provision	<b>9,876,229</b>	9,877,854
	<b>1,524,884,888</b>	987,302,617

Movements in bad debt provision of other receivables:

	At 1 January	Additions	Reductions		At 31 December
			Reversal	Write-off	
<b>2012</b>	<b>9,877,854</b>	<b>600</b>	<b>(2,225)</b>	—	<b>9,876,229</b>
2011	9,202,539	675,315	—	—	9,877,854

	2012				2011			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and for which bad debt provision has been assessed individually	1,112,468,392	72.48	632,250	0.06	666,899,001	66.88	300,000	0.04
Others insignificant	422,292,725	27.52	9,243,979	2.19	330,281,470	33.12	9,577,854	2.90
	<b>1,534,761,117</b>	<b>100</b>	<b>9,876,229</b>	<b>0.64</b>	997,180,471	100	9,877,854	0.99



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 6. OTHER RECEIVABLES *(continued)*

Top five entities with the largest balances of other receivables:

**31 December 2012**

Name of entity	Relationship with the Group	Amount	Ageing	Proportion of other receivables (%)
Land Reserve Center of Longyan City (Note 1)	Third party	480,000,000	Within 1 year	31.28
Mr. He Maoxiong (Note 2)	Third party	178,000,000	Over 3 years	11.60
Xiamen Zijin Tongguan Investment Development Company Limited ("Zijin Tongguan") (Note 3)	An associate of the Company	118,353,084	Within 1 year	7.71
Chongli Finance Bureau State-owned Assets Management Center	Third party	60,120,000	Within 1 year	3.92
Land and Resources Bureau of Longyan City	Third party	48,000,000	Over 1 year but within 2 years	3.13
		884,473,084		57.64

**31 December 2011**

Name of entity	Relationship with the Group	Amount	Ageing	Proportion of other receivables (%)
Mr. He Maoxiong (Note 2)	Third party	198,000,000	Over 2 years but within 3 years	19.86
Shanghang Finance Bureau	Third party	50,000,000	Over 2 years but within 3 years	5.01
Land and Resources Bureau of Longyan City	Third party	48,000,000	Within 1 year	4.81
Wuping Tianan Urban Construction Investment Development Company Limited	Third party	45,000,000	Over 3 years	4.51
Muli County Rongda Mining Company Limited ("Muli Rongda")	Third party	35,000,000	Within 1 year	3.51
		376,000,000		37.70

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 6. OTHER RECEIVABLES *(continued)*

Note 1: In June 2012, a Land Development Agreement was entered into between the Group, the Longyan Municipal Government and the Land Reserve Center of Longyan City for the Block D, Shuanglong Road, Longyan City, a development fund amounting to RMB480,000,000 was paid in advance by the Group, and the related development works were to be conducted by the Longyan Municipal Government and the Land Reserve Centre of Longyan City. The development fund bears a guaranteed return at a rate of 15% per year, which was monthly calculated and quarterly paid to the Group by the Land Reserve Centre of Longyan City.

Note 2: In December 2009, Zijin Mining Group Qinghai Company Limited ("Qinghai Zijin"), a subsidiary of the Group, planned to acquire the shares of Lenghu Bindi Potash Fertiliser Company Limited from an individual shareholder, Mr. He Maoxiong, and prepaid RMB198,000,000 as the deposit for share acquisition. In 2011, the management of the Group decided to terminate the share acquisition plan, thus the deposit was reclassified from other non-current assets to other receivables. In 2012, part of the deposit amounted to RMB20,000,000 was repaid by Mr. He Maoxiong to Qinghai Zijin. The management expected the rest of the deposit would be recovered in 2013.

Note 3: In the current year, the Company offered two borrowings amounted to RMB118,350,000 in total to Zijin Tongguan, the borrowings will be due in April and June 2013. The borrowings have no pledge and are interest-free.

As at 31 December 2012, there were no other receivables (31 December 2011: Nil) due from shareholders holding at least 5% of the Company's shares with voting powers. As at 31 December 2012, the balance of other receivables due from related parties amounted to RMB222,613,547, the proportion to an aggregate total amount of other receivables in the balance was 14.5% (31 December 2011: 6.39%), further information is disclosed in Note VI RELATED PARTY RELATIONSHIPS AND TRANSACTIONS.

As at 31 December 2012, the Group's other receivables denominated in USD amounted to USD343,906, approximately RMB2,161,620, the exchange rate used was USD1 to RMB6.2855; other receivables denominated in HKD amounted to HKD19,534,139, approximately RMB15,838,280, the exchange rate used was HKD1 to RMB0.8108; other receivables denominated in AUD amounted to AUD11,925,424, approximately RMB77,948,147, the exchange rate used was AUD1 to RMB6.5363. As at 31 December 2011, the Group's other receivables denominated in USD amounted to USD592,892, approximately RMB3,735,753, the exchange rate used was USD1 to RMB6.3009; other receivables denominated in HKD amounted to HKD30,267,276, approximately RMB24,537,681, the exchange rate used was HKD1 to RMB0.8107.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 7. INVENTORIES

	2012	2011
Raw materials	<b>5,798,024,352</b>	4,389,101,991
Work in progress	<b>3,715,102,166</b>	1,058,614,679
Finished goods	<b>1,109,037,682</b>	1,069,504,156
Property under development	<b>1,039,505,086</b>	699,999,271
Reusable materials	<b>2,753,519</b>	19,239,843
	<b>11,664,422,805</b>	7,236,459,940
Less: Inventory provision	<b>61,929,673</b>	76,162,553
	<b>11,602,493,132</b>	7,160,297,387

The movements of inventory provision are as follows:

	At		Reductions		At
	1 January				31 December
2012	2012	Additions	Reversal	Write-off	2012
Raw materials	<b>20,298,711</b>	<b>51,011,712</b>	<b>(15,727,838)</b>	<b>(1,555,471)</b>	<b>54,027,114</b>
Work in progress	—	<b>2,265,501</b>	—	—	<b>2,265,501</b>
Finished goods	<b>55,863,842</b>	<b>4,270,028</b>	—	<b>(54,496,812)</b>	<b>5,637,058</b>
Total	<b>76,162,553</b>	<b>57,547,241</b>	<b>(15,727,838)</b>	<b>(56,052,283)</b>	<b>61,929,673</b>

	At		Reductions		At
	1 January				31 December
2011	2011	Additions	Reversal	Write-off	2011
Raw materials	5,416,202	15,961,581	(11,216)	(1,067,856)	20,298,711
Finished goods	—	55,863,842	—	—	55,863,842
Total	5,416,202	71,825,423	(11,216)	(1,067,856)	76,162,553

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 7. INVENTORIES *(continued)*

2012	Basis of making provision of inventories	Reasons for reversal	Proportion of amount of reversal for the period to the closing balance of the relevant category of inventories
Raw materials	Defective and obsolete / Decrease of market price of finished goods	Increase in market price of finished goods	0.271%
Work in progress	Decrease in market price of finished goods	—	—
Finished goods	Decrease in market price	—	—

  

2011	Basis of making provision of inventories	Reasons for reversal	Proportion of amount of reversal for the period to the closing balance of the relevant category of inventories
Raw materials	Defective and obsolete / Decrease of market price of finished goods	Subsequently used/Increase in market price of finished goods	0.0003%
Finished goods	Decrease in market price	—	—

As at 31 December 2012, there were no inventories (31 December 2011: RMB45,101,009) pledged as collateral. Details are disclosed in Note V 20.

As at 31 December 2012, there was no balance of inventories of the Group recognised as a hedge item. As at 31 December 2011, the balance of inventories of the Group included fair value losses of RMB87,230,223 on inventories as a hedge item.

As at 31 December 2012, inventories of Xinyi Zijin which were frozen by the People's Court due to the litigation compensation dispute amongst Xinyi Zijin and the Xinyi Municipal Government and local victims were unfrozen (31 December 2011: RMB14,535,590).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 8. OTHER CURRENT ASSETS

	2012	2011
Deposit for forward contracts	<b>216,534,083</b>	79,279,785
Deposit for gold transactions	<b>127,868,263</b>	83,226,333
Liquid cash for forward contracts	<b>61,731,578</b>	43,153,015
Deductible taxes (Note 1)	<b>247,108,002</b>	364,968,285
Others	<b>33,764,692</b>	14,281,858
	<b>687,006,618</b>	584,909,276

Note 1: Balance represented the recoverable amount of the corporate income tax and value-added tax paid by the Group pursuant to relevant taxation laws and regulations.

#### 9. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
Equity investments of listed companies, at fair value		
Hong Kong:		
China Hanking Holdings Limited	<b>120,792,649</b>	127,312,028
G-Resources Group Limited	<b>31,372,378</b>	46,372,753
	<b>152,165,027</b>	173,684,781
Other regions:		
Inter-Citic Minerals Inc.	—	120,936,511
Aquarius Platinum Limited	<b>5,405,331</b>	15,287,574
Jayden Resources Inc.	<b>1,731,531</b>	5,641,695
Equitas Resources Corp.	<b>851,132</b>	5,282,138
Norton Gold Fields	—	172,442,990
Glencore International Corp.	<b>415,860,477</b>	444,736,784
	<b>423,848,471</b>	764,327,692
	<b>576,013,498</b>	938,012,473

## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 10. INVESTMENTS OF JOINT VENTURES AND ASSOCIATES

##### 2012

Name of entity	Place of Incorporation/ registration	Principal activities	Type of entities	Legal representative	Registered capital	Proportion of equity interest	Proportion of voting powers	Proportion of profit sharing	Organisation code
<b>JOINT VENTURES</b>									
Shandong Guoda Gold Company Limited ("Shandong Guoda")	Zhaoyuan City, Shandong Province	Production and sales of gold, silver, copper cathode and vitriol	Joint stock liability limited company	Xu Yongxiang	173,430,000	30.05%	30.05%	30.05%	26714066-X
Xiamen Zijin Zhonghang	Xiamen City, Fujian Province	Operation and management of real estate development, property management, business information consulting services, marketing and technology consulting	Limited liability company	Zhao Shiyang	250,000,000	50%	50%	50%	58128530-6
Xinjiang Aletai Zijin Tebian Company Limited ("Zijin Tebian")	Altay City, Xinjiang	Sales and processing of ferrous metals and non-ferrous metals	Limited liability company	Zhang Ruiping	40,000,000	50%	50%	50%	58023132-2
Gold Eagle Mining Investment Company Limited ("Gold Eagle Mining")	Hong Kong	Trading and investment	Limited liability company	N/A	HKD10,000	45%	45%	45%	N/A
<b>ASSOCIATES</b>									
Fujian Makeng Mining Joint Stock Company Limited ("Longyan Makeng")	Longyan City, Fujian Province	Iron and molybdenum mining	Joint stock liability limited company	Jiang Yifeng	520,000,000	31.5%	31.5%	31.5%	15783021-3
Shanghai Tingjiang Hydro Power Company Limited ("Tingjiang Hydro Power")	Shanghai County, Fujian Province	Hydroelectric power	Limited liability company	Zhang Huaming	69,000,000	49%	49%	49%	76179780-0
Tibet Yulong Copper Joint Stock Company Limited ("Tibet Yulong")	Changdu County, Changdu Prefecture, Tibet Autonomous Region	Copper mineral and geological studies	Joint stock liability limited company	Wang Shangzhen	625,000,000	22%	22%	22%	74192416-3
Fujian Province Wuping Zijin Hydro Power Company Limited ("Wuping Zijin Hydro power")	Wuping County, Fujian Province	Hydroelectric power and investment in hydro power industry	Limited liability company	Chen Jiayuan	60,000,000	48%	48%	48%	77290454-4
Zijin Tongguan	Xiamen City, Fujian Province	Investment holding of mining companies, wholesale and retail of mineral products	Limited liability company	Huang Xiaodong	1,350,000,000	45%	45%	45%	79125452-4



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 10. INVESTMENTS OF JOINT VENTURES AND ASSOCIATES *(continued)*

2012 *(continued)*

Name of entity	Place of Incorporation/ registration	Principal activities	Type of entities	Legal representative	Registered capital	Proportion of equity interest	Proportion of voting powers	Proportion of profit sharing	Organisation code
<b>ASSOCIATES</b>									
<i>(continued)</i>									
Fujian Haixia Technology Joint Stock Company Limited ("Haixia Technology")	Yongnan City, Fujian Province	Production of dynamite	Joint stock liability limited company	Chen Rongguang	231,500,000	28%	28%	28%	66508896-7
Hunchun Jindi Mining Company Limited ("Hunchun Jindi")	Yanbian Korean Autonomous Prefecture, Hunchun City	Analysis and testing of mineral geology exploration, technology development and transfer, sales of mineral products	Joint stock liability limited company	Liu Shouhua	100,000,000	40%	40%	40%	66428790-5
Songpan County Zijin Industrial and Trading Company Limited ("Songpan Zijin")	Songpan County, Ngawa Tibetan and Qiang Autonomous Prefecture	Sales of industrial materials, equipment and instruments, development and sales of general machinery	Limited liability company	Lu Shigui	80,000,000	34%	34%	34%	77296409-6
Yanbianzhou SMEs Credit Security Investment Company Limited ("Yanbian Credit Security")	Yanbian Korean Autonomous Prefecture	Provide loan guarantees for SMEs and individuals	Limited liability company	Ning Xin	200,000,000	25%	25%	25%	66425741-5
Luoyang Huayin Guarantee Investment Company Limited ("Luoyang Huayin")	Luoyang City, Henan Province	Providing guarantee for financing, bill discounted acceptance and performance	Limited liability company	Ma Yinshuan	10,000,000	20%	20%	20%	66094514-9
Shanghang Xinyuan Water Company Limited ("Shanghang Xinyuan")	Shanghang County, Fujian Province	Pipe water supply	Limited liability company	Qiu Zhiqiang	300,000,000	38%	38%	38%	77066619-1
Wancheng Commercial	Urad Rear Banner, Bayannur City, Inner Mongolia	Mining, processing and sales of zinc, lead, vitriol, copper and iron	Limited liability company	Shi Mingliang	12,000,000	47.5%	47.5%	47.5%	72018822-4
Xiamen Modern Terminals Company Limited ("Xiamen Modern Terminals")	Xiamen City, Fujian Province	Logistics services (operated with approved license), storage, dock construction	Limited liability company	Zhang Shuili	355,580,000	25%	25%	25%	77604426-2

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 10. INVESTMENTS OF JOINT VENTURES AND ASSOCIATES *(continued)*

2012 *(continued)*

Name of entity	Place of Incorporation/ registration	Principal activities	Type of entities	Legal representative	Registered capital	Proportion of equity interest	Proportion of voting powers	Proportion of profit sharing	Organisation code
<b>ASSOCIATES <i>(continued)</i></b>									
Xinjiang Wuxin Copper Company Limited ("Wuxin Copper")	Fukang City, Xinjiang	Sales, processing and refinery of copper, gold, silver and other non-ferrous metals	Limited liability company	Sun Baohui	790,000,000	34%	34%	34%	68959791-8
Buerjin County Kanas Travel Company Limited ("Xinjiang Kanas")	Buerjin County, Xinjiang	Catering and travel services	Joint stock liability limited company	Wu Jiangyong	107,000,000	25%	25%	25%	23094142-0
Xinjiang Tianlong Mining Company Limited ("Xinjiang Tianlong")	Fukang City, Xinjiang	Limestone mining, cement production, intensive processing and refining of non-ferrous metals	Joint stock liability limited company	Liu Kaiwen	752,824,956	23.0335%	23.0335%	23.0335%	72235510-2
Wengfu Zijin Chemical Industry Company Limited ("Wengfu Zijin")	Shanghai County, Fujian Province	Production of monoammonium phosphate, diammonium hydrogen phosphate, gypsum block, and cement additive (under development)	Joint stock liability limited company	He Qin	500,000,000	38%	38%	38%	55508854-4
Casa Mining Ltd. ("Casa Mining")	British Virgin Island	Mining, refinery and sales of mineral products	Associates	N/A	USD50,000	21.9%	21.9%	21.9%	NA
Solantera Resources Ltd. ("Solantera Resources")	Mauritius	Mining, refinery and sales of mineral products	Associates	N/A	USD8,874	30%	30%	30%	NA
Qinghai Copper Company Limited ("Qinghai Copper")	Xining City, Qinghai Province	Refinery of copper	Limited liability company	Liu Zhaoheng	800,000,000	30%	30%	30%	56493886-2
Kuitun Yutong Logistics Company Limited ("Kuitun Yutong")	Kuitun City, Xinjiang	Logistics and transportation service	Limited liability company	Dong Fenglin	5,000,000	20%	20%	20%	58933582-2



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 10. INVESTMENTS OF JOINT VENTURES AND ASSOCIATES *(continued)*

2011

Name of entity	Place of Incorporation/ registration	Principal activities	Type of entities	Legal representative	Registered capital	Proportion of equity interest	Proportion of voting powers	Proportion of profit sharing	Organisation code
<b>JOINT VENTURES</b>									
Shandong Guoda	Zhaoyuan City, Shandong Province	Production and sale of gold, silver, copper cathode and vitriol	Joint stock liability limited company	Xu Yongxiang	173,430,000	50.05%	50.05%	50.05%	26714066-X
Xiamen Zijin Zhonghang	Xiamen City, Fujian Province	Operation and management of real estate development, property management, business information consulting services, marketing and technology consulting	Limited liability company	Zhao Shiyong	250,000,000	50%	50%	50%	58128530-6
Zijin Tebian	Altay City, Xinjiang Uygur Autonomous Region	Sales and processing of ferrous metals and non-ferrous metals	Limited liability company	Zhang Ruiping	40,000,000	50%	50%	50%	58023132-2
<b>ASSOCIATES</b>									
Longyan Makeng	Longyan City, Fujian Province	Iron mining and geological studies	Joint stock liability limited company	Jiang Yifeng	200,000,000	31.5%	31.5%	31.5%	15783021-3
Tingjiang Hydro Power	Shanghang County, Fujian Province	Hydroelectric power	Limited liability company	Zhang Huaming	69,000,000	49%	49%	49%	76179780-0
Tibet Yulong	Changdu Prefecture, Tibet	Copper mineral and geological studies	Joint stock liability limited company	Wang Shangzhen	625,000,000	22%	22%	22%	74192416-3
Wuping Zijin Hydro Power	Wuping County, Fujian Province	Hydroelectric power and investment in hydro power industry	Limited liability company	Chen Jiayuan	60,000,000	48%	48%	48%	77290454-4
Zijin Tongguan	Xiamen City, Fujian Province	Investment holding of mining companies, wholesale and retail of mineral products	Limited liability company	Huang Xiaodong	1,350,000,000	45%	45%	45%	79125452-4
Haixia Technology	Yongan City, Fujian Province	Production of dynamite	Joint stock liability limited company	Chen Rongguang	230,000,000	28%	28%	28%	66508896-7
Hunchun Jindi	Hunchun City, Jilin Province	Analysis and testing of mineral geology exploration, technology development and transfer, sales of mineral products	Joint stock liability limited company	Liu Shouhua	100,000,000	40%	40%	40%	66428790-5
Songpan Zijin	Songpan County, Ngawa Tibetan and Qiang Autonomous Prefecture	Sales of industrial materials, equipment and instruments, development and sales of general machinery	Limited liability company	Ly Shigui	80,000,000	34%	34%	34%	77296409-6
Yanbian Credit Security	Yanbian Korean Autonomous Prefecture, Jilin Province	Provide loan guarantees for SMEs and individuals	Limited liability company	Ning Xin	200,000,000	25%	25%	25%	66425741-5

## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 10. INVESTMENTS OF JOINT VENTURES AND ASSOCIATES (continued)

2011 (continued)

Name of entity	Place of Incorporation/ registration	Principal activities	Type of entities	Legal representative	Registered capital	Proportion of equity interest	Proportion of voting powers	Proportion of profit sharing	Organisation code
<b>ASSOCIATES (continued)</b>									
Luoyang Huayin	Luoyang City, Henan Province	Providing guarantee for financing, bill discounted acceptance and performance	Limited liability company	Ma Yinshuan	10,000,000	20%	20%	20%	66094514-9
Shanghai Xinyuan	Shanghai County, Fujian Province	Pipe water supply	Limited liability company	Qiu Zhiqiang	300,000,000	38%	38%	38%	77066619-1
Wancheng Commercial	Urad Rear Banner, Bayannur City, Inner Mongolia Autonomous Region	Mining, processing and sales of zinc, lead, vitriol, copper and iron	Limited liability company	Shi Mingliang	12,000,000	47.5%	47.5%	47.5%	72018822-4
Xiamen Modern Terminals	Xiamen City, Fujian Province	Logistics services, storage, dock construction	Limited liability company	Zhang Shuli	355,580,000	25%	25%	25%	77604426-2
Wuxin Copper	Fukang City, Xinjiang Uygur Autonomous Region	Sales, processing and refinery of copper, gold, silver and other non-ferrous metals	Limited liability company	Sun Baohui	790,000,000	34%	34%	34%	68959791-8
Xinjiang Kanas	Buerjin County, Xinjiang Uygur Autonomous Region	Catering and travel services	Joint stock liability limited company	Wu Jiangyong	107,000,000	25%	25%	25%	23094142-0
Xinjiang Tianlong	Fukang City, Xinjiang Uygur Autonomous Region	Integration of coal, power generation and aluminum business and cement production	Joint stock liability limited company	Liu Kaiwen	648,924,562	23.0335%	23.0335%	23.0335%	72235510-2
Wengfu Zijin	Shanghai County, Fujian Province	Production of monoammonium phosphate, diammonium hydrogen phosphate, gypsum block, and cement additive (under development)	Joint stock liability limited company	He Qin	500,000,000	40%	40%	40%	55508854-4
Casa Mining	British Virgin Island	Mineral refinery and sales of mineral products	Associates	N/A	USD50,000	30%	30%	30%	N/A
Qinghai Copper	Xining City, Qinghai Province	Refinery of copper	Limited liability company	Liu Zhaoheng	800,000,000	30%	30%	30%	56493886-2



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 10. INVESTMENTS OF JOINT VENTURES AND ASSOCIATES *(continued)*

2012

	Total assets 31 December 2012	Total liabilities 31 December 2012	Total net assets 31 December 2012	Operating income Year 2012	Net profit/(loss) Year 2012
<b>Joint ventures</b>					
Shandong Guoda	1,154,636,426	562,783,844	591,852,582	2,235,196,971	74,993,005
Xiamen Zijin Zhonghang	376,451,728	128,010,446	248,441,282	12,700,000	(742,882)
Zijin Tebian	36,959,012	165,092	36,793,920	—	(2,579,696)
Gold Eagle Mining	3,149,150,099	405,635,145	2,743,514,954	—	(29,796,055)
<b>Associates</b>					
Longyan Makeng	2,829,976,852	2,141,927,367	688,049,485	461,850,961	99,037,885
Tingjiang Hydro Power	187,797,791	106,765,512	81,032,279	20,753,629	10,609,239
Tibet Yulong	3,337,364,041	2,488,931,434	848,432,607	18,956,670	(2,286,004)
Wuping Zijin Hydro Power	132,691,274	58,408,249	74,283,025	25,844,523	8,316,843
Zijin Tongguan	1,642,332,114	311,427,543	1,330,904,571	—	19,324,392
Haixia Technology	978,430,000	334,670,000	643,760,000	961,860,000	126,000,000
Hunchun Jindi	91,052,731	169,837	90,882,894	—	(2,120,996)
Songpan Zijin	78,243,871	455,907	77,787,964	—	(91,102)
Yanbian Credit Security	354,590,192	119,408,750	235,181,442	29,192,628	17,386,532
Luoyang Huayin	10,642,260	1,461,000	9,181,260	—	—
Shanghang Xinyuan	574,069,758	274,096,948	299,972,810	8,413,138	26,650
Wancheng Commercial	338,518,332	226,884,323	111,634,009	525,385,899	248,461,686
Xiamen Modern Terminals	978,658,199	602,853,828	375,804,371	101,155,333	613,235
Wuxin Copper	1,736,535,716	957,379,356	779,156,360	868,872	(7,141,306)
Xinjiang Kanas	266,438,246	59,704,743	206,733,503	174,394,280	32,007,832
Xinjiang Tianlong	3,387,782,207	1,420,849,377	1,966,932,830	659,740,615	75,999,677
Wengfu Zijin	2,103,221,239	1,603,221,239	500,000,000	—	—
Casa Mining	124,584,896	6,002,653	118,582,243	—	(47,046,968)
Solantera Resources	6,970,620	125,716	6,844,904	—	(182,262)
Qinghai Copper	621,345,474	461,345,474	160,000,000	—	—
Kuitun Yutong	6,841,226	2,482,592	4,358,634	—	(641,366)

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 10. INVESTMENTS OF JOINT VENTURES AND ASSOCIATES *(continued)*

2011

	Total assets 31 December 2011	Total liabilities 31 December 2011	Total net assets 31 December 2011	Operating income Year 2011	Net profit/(loss) Year 2011
<b>Joint ventures</b>					
Shandong Guoda	1,248,819,431	738,550,620	510,268,811	1,797,083,773	82,957,476
Xiamen Zijin Zhonghang	254,199,164	5,015,000	249,184,164	—	(185,836)
Zijin Tebian	39,409,137	35,521	39,373,616	—	(626,385)
<b>Associates</b>					
Longyan Makeng	2,298,946,321	1,706,712,456	592,233,865	373,222,362	113,700,959
Tingjiang Hydro Power	294,972,097	190,751,740	104,220,357	27,276,696	(3,752,570)
Tibet Yulong	2,345,001,869	1,494,012,055	850,989,814	5,550,883	(81,349,892)
Wuping Zijin Hydro Power	138,036,104	72,069,924	65,966,180	14,881,749	229,410
Zijin Tongguan	1,629,045,159	286,971,896	1,342,073,263	—	(93,268,596)
Haixia Technology	902,230,000	292,470,000	609,760,000	919,360,000	121,460,000
Hunchun Jindi	93,196,621	106,294	93,090,327	—	(2,538,144)
Songpan Zijin	78,066,857	187,791	77,879,066	—	—
Yanbian Credit Security	338,114,878	116,269,706	221,845,172	15,722,550	10,391,672
Luoyang Huayin	10,642,260	1,461,000	9,181,260	—	(354)
Shanghang Xinyuan	544,158,182	240,873,222	303,284,960	8,075,999	26,411
Wancheng Commercial	429,844,885	363,732,467	66,112,418	618,208,133	346,586,071
Xiamen Modern Terminals	1,093,829,555	718,633,041	375,196,514	70,672,271	(10,632,703)
Wuxin Copper	1,057,645,149	271,936,984	785,708,165	612,269	(3,168,742)
Xinjiang Kanas	236,750,167	50,660,555	186,089,612	110,332,015	25,998,769
Xinjiang Tianlong	2,312,516,634	676,219,727	1,636,296,907	595,549,052	89,454,903
Wengfu Zijin	1,289,452,212	789,452,212	500,000,000	—	—
Casa Mining	161,536,173	7,000,300	154,535,873	—	(27,358,965)
Qinghai Copper	128,681,857	405,801	128,276,056	—	—



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 11. LONG-TERM EQUITY INVESTMENTS

##### 2012

	Investment cost	At 1 January 2012	Additions	Reductions	Including: cash dividends received	At 31 December 2012
Long-term equity investments under the equity method:						
Joint ventures	1,412,611,095	406,393,674	1,228,890,566	(117,487,559)	—	1,517,796,681
Associates	2,438,648,651	2,513,616,505	235,099,865	(151,004,310)	(109,610,495)	2,597,712,060
Long-term equity investments under the cost method	307,494,564	304,494,564	6,500,000	(3,500,000)	—	307,494,564
Less: Provision for impairment of long-term equity investments		20,571,332	—	(8,220,477)	—	12,350,855
		3,203,933,411	1,470,490,431	(263,771,392)	(109,610,495)	4,410,652,450

##### 2011

	Investment cost	At 1 January 2011	Additions	Reductions	Including: Cash dividends received	At 31 December 2011
Long-term equity investments under the equity method:						
Joint ventures	304,734,600	240,668,542	165,725,132	—	—	406,393,674
Associates	2,454,374,347	2,171,612,498	586,288,491	(244,284,484)	(180,052,392)	2,513,616,505
Long-term equity investments under the cost method	304,494,564	282,094,564	22,700,000	(300,000)	—	304,494,564
Less: Provision for impairment of long-term equity investments		20,571,332	—	—	—	20,571,332
		2,673,804,272	774,713,623	(244,584,484)	(180,052,392)	3,203,933,411

# Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. LONG-TERM EQUITY INVESTMENTS (continued)

Movements of provision for impairment losses of long-term equity investments:

2012	At 1 January 2012	Additions for the year	Reductions		At 31 December 2012
			Reversal	Write-off	
Joint venture – Shandong Guoda	20,571,332	—	—	(8,220,477)	12,350,855

2011	At 1 January 2011	Additions for the year	Reductions		At 31 December 2011
			Reversal	Write-off	
Joint venture – Shandong Guoda	20,571,332	—	—	—	20,571,332

### Long-term equity investments under the equity method

#### 2012

	Investment cost	At 1 January 2012	Changes in investment cost for the year	Equity changes						At 31 December 2012	At 31 December 2012
				Changes for the year	Cash dividends	Accumulated changes	Other equities		Provision for impairment losses		
							Additions for the year	Accumulated changes			
<b>Joint ventures</b>											
Shandong Guoda (Note 1)	57,724,473	240,822,342	(102,010,127)	19,003,944	—	120,663,018	—	—	8,220,477	(12,350,855)	166,036,636
Xiamen Zijin Zhonghang	125,000,000	125,000,000	—	(779,359)	—	(779,359)	—	—	—	—	124,220,641
Zijin Tebian	20,000,000	20,000,000	—	(1,289,848)	—	(1,289,848)	—	—	—	—	18,710,152
Gold Eagle Mining (Note 2)	1,209,886,622	—	1,209,886,622	(13,408,225)	—	(13,408,225)	—	—	—	—	1,196,478,397
<b>Associates</b>											
Tingjiang Hydro Power	33,810,000	34,608,557	—	5,198,527	—	5,997,084	—	—	—	—	39,807,084
Wuping Zijin Hydro Power	32,095,000	34,379,956	—	3,992,085	—	6,277,041	—	—	—	—	38,372,041
Haixia Technology	64,400,000	140,729,198	—	40,700,849	(9,660,495)	107,369,552	—	—	—	—	171,769,552
Shanghang Xinyuan	114,000,000	114,032,385	—	10,127	—	42,512	—	—	—	—	114,042,512
Hunchun Jindi	40,000,000	37,322,584	—	(1,222,215)	—	(3,899,631)	—	—	—	—	36,100,369
Yanbian Credit Security	50,000,000	55,034,955	—	5,347,791	(500,000)	9,882,746	—	—	—	—	59,882,746
Wancheng Commercial	166,895,356	132,672,792	—	110,367,666	(96,750,000)	(20,604,898)	—	—	—	—	146,290,458
Songan Zijin	39,400,000	39,249,785	—	—	—	(150,215)	—	—	—	—	39,249,785
Tibet Yulong	137,500,000	82,009,103	—	412,202	—	(55,078,695)	—	—	—	—	82,421,305
Longyan Makeng	31,860,000	182,552,563	—	31,196,934	—	179,435,247	—	2,454,250	—	—	213,749,497
Zijin Tongguan	607,500,000	491,294,035	—	8,200,222	—	(84,245,182)	—	(23,760,561)	—	—	499,494,257
Xiamen Modern Terminals	120,000,000	117,107,093	—	153,309	—	(2,739,598)	—	—	—	—	117,260,402
Lucyang Huayin	1,806,463	2,000,000	(193,537)	—	—	—	—	—	—	—	1,806,463
Wuxin Copper	268,600,000	267,216,860	—	(2,330,335)	—	(3,713,475)	—	—	—	—	264,886,525
Xinjiang Kanas	48,870,000	57,942,389	—	8,450,830	(2,700,000)	14,823,219	—	—	—	—	63,693,219
Xinjiang Tianlong	379,653,678	407,673,937	—	10,653,878	—	38,674,137	—	—	—	—	418,327,815
Wengfu Zijin (Note 3)	190,000,000	200,000,000	(10,000,000)	—	—	—	—	—	—	—	190,000,000
Casa Mining (Note 4)	53,842,709	69,790,313	(15,947,604)	(11,700,124)	—	(11,700,124)	—	—	—	—	42,142,585
Solantera Resources (Note 4)	9,415,445	—	9,415,445	—	—	—	—	—	—	—	9,415,445
Qinghai Copper	48,000,000	48,000,000	—	—	—	—	—	—	—	—	48,000,000
Kuitun Yutong	1,000,000	—	1,000,000	—	—	—	—	—	—	—	1,000,000
	3,851,259,746	2,899,438,847	1,092,150,799	212,958,258	(109,610,495)	285,555,306	—	(21,306,311)	8,220,477	(12,350,855)	4,103,157,886



## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 11. LONG-TERM EQUITY INVESTMENTS (continued)

##### Long-term equity investments under the equity method (continued)

2011

	Investment cost		Changes in investment cost for the year	Equity changes							At 31 December 2011	At 31 December 2011
				Changes for the year			Other equities		Provision for impairment losses			
				Changes for the year	Cash dividends	Accumulated changes	Additions for the year	Accumulated changes	Changes for the year			
<b>Joint ventures</b>												
Shandong Guoda (Note 1)	159,734,600	220,097,210	—	20,725,132	—	101,659,074	—	—	—	(20,571,332)	240,822,342	
Xiamen Zijin Zhonghang	125,000,000	—	125,000,000	—	—	—	—	—	—	—	125,000,000	
Zijin Tebian	20,000,000	—	20,000,000	—	—	—	—	—	—	—	20,000,000	
<b>Associates</b>												
Tingjiang Hydro Power	33,810,000	36,447,317	—	(1,838,760)	—	798,557	—	—	—	—	34,608,557	
Wuping Zijin Hydro Power	32,095,000	34,269,839	—	110,117	—	2,284,956	—	—	—	—	34,379,956	
Haixia Technology	64,400,000	121,850,546	—	27,895,114	(9,016,462)	76,329,198	—	—	—	—	140,729,198	
Shanghai Xinyuan	114,000,000	114,022,349	—	10,036	—	32,385	—	—	—	—	114,032,385	
Hunchun Jindi	40,000,000	38,337,841	—	(1,015,257)	—	(2,677,416)	—	—	—	—	37,322,584	
Yanbian Credit Security	50,000,000	22,637,037	30,000,000	2,597,918	(200,000)	5,034,955	—	—	—	—	55,034,955	
Wancheng Commercial	166,895,356	130,258,402	—	156,495,432	(161,759,167)	(34,222,564)	—	—	—	—	132,672,792	
Songpan Zijin	39,400,000	39,249,785	—	—	—	(150,215)	—	—	—	—	39,249,785	
Tibet Yulong	137,500,000	101,298,951	—	(19,289,848)	—	(55,490,897)	—	—	—	—	82,009,103	
Longyan Makeng	31,860,000	154,414,886	—	35,815,802	—	148,238,313	—	2,454,250	—	—	182,552,563	
Zijin Tongguan	607,500,000	525,675,546	—	(34,381,511)	—	(92,445,404)	—	(23,760,561)	—	—	491,294,035	
Qiubei Yun Copper Huaxi Mining Company Limited	—	3,542,359	(3,900,000)	357,641	—	—	—	—	—	—	—	
Xiamen Modern Terminals	120,000,000	119,765,269	—	(2,658,176)	—	(2,892,907)	—	—	—	—	117,107,093	
Luoyang Huayin	2,000,000	2,000,000	—	—	—	—	—	—	—	—	2,000,000	
Wuxin Copper	268,600,000	203,765,400	64,600,000	(1,148,540)	—	(1,383,140)	—	—	—	—	267,216,860	
Xinjiang Kanas	48,870,000	51,381,862	—	6,560,527	—	9,072,389	—	—	—	—	57,942,389	
Xinjiang Tianlong	379,653,678	346,146,093	50,000,000	20,604,607	(9,076,763)	28,020,259	—	—	—	—	407,673,937	
Wengtu Zijin (Note 3)	200,000,000	100,000,000	100,000,000	—	—	—	—	—	—	—	200,000,000	
Casa Mining (Note 4)	69,790,313	26,549,016	43,241,297	—	—	—	—	—	—	—	69,790,313	
Qinghai Copper	48,000,000	—	48,000,000	—	—	—	—	—	—	—	48,000,000	
	2,759,108,947	2,391,709,708	476,941,297	210,840,234	(180,052,392)	182,207,543	—	(21,306,311)	—	(20,571,332)	2,899,438,847	

The management of the Group considered that there were no significant restrictions on realisation of the investment or remittance of investment income as at 31 December 2012.

\* The joint ventures and associates held by the Group were unlisted as at 31 December 2012 and 31 December 2011.

Note: The notes to the financial statements with “\*” are disclosed in accordance with the rules governing the listing of securities on the Stock Exchange of Hong Kong Limited and Hong Kong Companies Ordinance.

# Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. LONG-TERM EQUITY INVESTMENTS (continued)

#### Long-term equity investments under the cost method

	Sichuan Liwu Copper Company Limited	Nanjing China Net Communication Company Limited	Hunan Nonferrous Metals Company Limited *	Xinjiang Xinxin Mining Industry Company Limited	Luoyang Yongning Gold and Lead Refinery Company Limited	Shanghai Rural Commercial Bank	Wulatehouji Ruifeng Lead Refinery Company Limited	Xinjiang Tianshan Railway Company Limited	Others	Total
Investment cost	19,850,000	25,000,000	30,000,000	18,314,097	40,000,000	89,900,000	10,500,000	19,200,000	4,932,950	307,494,564
31 December 2010	19,850,000	25,000,000	30,000,000	18,314,097	40,000,000	89,900,000	3,500,000	—	8,732,950	282,094,564
Proportion of equity interest in the investee (%)	5.77%	8.62%	1.37%	3.77%	10%	10%	7%	—	N/A	N/A
Current year additions	—	—	—	—	—	—	3,500,000	19,200,000	—	22,700,000
Current year reductions	—	—	—	—	—	—	—	—	(300,000)	(300,000)
31 December 2011	19,850,000	25,000,000	30,000,000	18,314,097	40,000,000	89,900,000	7,000,000	19,200,000	8,432,950	304,494,564
Proportion of equity interest in the investee (%)	5.77%	8.62%	1.37%	3.77%	10%	10%	7%	12%	N/A	N/A
Current year additions	—	—	—	—	—	—	3,500,000	—	—	6,500,000
Current year reductions	—	—	—	—	—	—	—	—	(3,500,000)	(3,500,000)
31 December 2012	19,850,000	25,000,000	30,000,000	18,314,097	40,000,000	89,900,000	10,500,000	19,200,000	4,932,950	307,494,564
Proportion of equity interest in the investee	5.77%	8.62%	1.37%	3.77%	10%	10%	7%	12%	N/A	N/A

The proportion of the voting powers of the above investees was the same with the proportion of the relevant equity interest held by the Group.

There was no restriction on the investees to transfer funds to the Group.

\* Investment in listed company.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 11. LONG-TERM EQUITY INVESTMENTS *(continued)*

##### Long-term equity investments under the cost method *(continued)*

- Note 1: Pursuant to the Share Transfer Agreement entered into between China Gold Development Group (H.K.) Company Limited, a subsidiary of the Group, and Shandong Zhaojin Group Zhaoyuan Gold Refinery Company Limited ("Zhaojin Group") in May 2012, the Group transferred a 20% equity interest in Shandong Guoda at a consideration of RMB131,842,178. As such, the Group held a 30.05% equity interest in Shandong Guoda after the share transfer. Pursuant to the Articles of Association of Shandong Guoda, the board of directors consists of five directors, including two appointed by the Group and three appointed by Zhaojin Group. Operating decisions require two-thirds of the directors agree to be effective. The operating decisions of Shandong Guoda are effective only when approved by over two thirds of the directors. Therefore, the management considers that the Group has joint control over Shandong Guoda, and still accounts for it as a joint venture.
- Note 2: Pursuant to the Share Transfer Agreement entered into among Thrive Build Investments Limited ("Thrive Build Investments"), a wholly-owned subsidiary of the Company, Jinchuan Group (Hong Kong) Resources Holding Company Limited and Jinchuan Group Company Limited dated 7 November 2011, the Group acquired a 45% equity interest in Gold Eagle Mining, which was held by Jinchuan Group (Hong Kong) Resources Holding Company Limited at a consideration of USD227,566,495 (approximately RMB1,433,873,728). The equity acquisition has been completed in the current year. Pursuant to the Shareholders' Agreement, Gold Eagle Mining's board of directors consists of five directors, including two appointed by the Group and three appointed by Jinchuan Group Company Limited. The operating decisions of Gold Eagle Mining are effective only when approved by over two thirds of the directors. Therefore, the management considers that the Group has joint control over Gold Eagle Mining, and accounted for it as a joint venture.
- Note 3: Pursuant to the Share Transfer Agreement in December 2012 entered into between Zijin Copper, a subsidiary of the Group, and Japanese National Agricultural Cooperative Federation, Zijin Copper transferred a 2% equity interest in Wengfu Zijin at a consideration of RMB11,866,000.
- Note 4: In November 2012, Casa Mining issued 328,731 new shares to Tremont, a South Africa investment fund. After this issuance, the total number of shares of Casa Mining was 1,215,869. As such, the equity interests held by the Group was diluted from 30% to 21.9%. As a condition of this issuance, Casa Mining transferred some of its assets to a subsidiary named Solantera Resources which was registered in Mauritius, and granted shares in Solantera Resources at no cost in the same proportion to the original shareholders in Casa Mining before the issuance. Therefore, the Company obtained a 30% share in Solantera Resources.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 12. INVESTMENT PROPERTIES

Buildings subsequently measured at cost:

	2012	2011
Cost		
At 1 January and 31 December	<b>62,627,049</b>	62,627,049
Accumulated depreciation:		
1 January	<b>11,570,474</b>	9,526,691
Depreciation for the year	<b>1,991,059</b>	2,043,783
31 December	<b>13,561,533</b>	11,570,474
Provision for impairment loss		
At 1 January and 31 December	—	—
Net book value:		
31 December	<b>49,065,516</b>	51,056,575
1 January	<b>51,056,575</b>	53,100,358

The investment properties were leased to third parties under operating leases.

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

There are no investment properties for which certificates of title have not been obtained as at 31 December 2012 (2011: Nil).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 13. FIXED ASSETS

##### 2012

	Buildings	Mining assets	Power generating and transmission equipment	Plant, machinery and equipment	Leasehold improvements	Furniture and fixtures	Motor vehicles	Total
<b>Cost</b>								
At 1 January 2012	3,149,726,275	5,411,953,495	652,200,698	4,241,106,415	25,434,919	176,559,986	646,691,507	14,303,673,295
Purchase additions and acquisition of subsidiaries	161,429,117	294,487,936	70,213,289	635,588,942	8,936,779	43,656,018	143,504,088	1,357,816,169
Transfer from construction in progress	1,064,101,399	3,104,815,409	71,337,992	1,327,660,034	8,728,305	7,430,505	7,416,389	5,591,490,033
Disposals	(22,359,650)	(167,516,537)	(26,835,641)	(118,665,456)	(848,455)	(17,134,590)	(84,694,734)	(438,055,063)
At 31 December 2012	4,352,897,141	8,643,740,303	766,916,338	6,085,689,935	42,251,548	210,511,919	712,917,250	20,814,924,434
<b>Accumulated depreciation</b>								
At 1 January 2012	466,783,799	1,601,409,124	210,398,660	1,340,199,053	13,522,244	93,815,834	300,737,833	4,026,866,547
Depreciation for the year	134,102,135	445,494,943	62,747,348	549,863,248	7,207,560	33,674,180	86,909,418	1,319,998,832
Disposals	(12,467,553)	(82,266,551)	(10,783,121)	(96,646,847)	(583,932)	(12,262,689)	(49,230,214)	(264,240,907)
At 31 December 2012	588,418,381	1,964,637,516	262,362,887	1,793,415,454	20,145,872	115,227,325	338,417,037	5,082,624,472
<b>Impairment</b>								
At 1 January 2012	776,559	100,372,191	—	30,336,436	—	—	—	131,485,186
Impairment provided for the year	—	34,009,858	—	876,007	—	—	—	34,885,865
Disposals	—	(27,684,900)	—	(1,847,944)	—	—	—	(29,532,844)
At 31 December 2012	776,559	106,697,149	—	29,364,499	—	—	—	136,838,207
<b>Net book value:</b>								
At 31 December 2012	3,763,702,201	6,572,405,638	504,553,451	4,262,909,982	22,105,676	95,284,594	374,500,213	15,595,461,755
At 1 January 2012	2,682,165,917	3,710,172,180	441,802,038	2,870,570,926	11,912,675	82,744,152	345,953,674	10,145,321,562

## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 13. FIXED ASSETS (continued)

2011

	Buildings	Mining assets	Power generating and transmission equipment	Plant, machinery and equipment	Leasehold improvements	Furniture and fixtures	Motor vehicles	Total
Cost								
At 1 January 2011	2,312,288,239	4,503,062,982	602,980,989	3,737,222,402	24,433,136	140,549,742	550,865,659	11,871,403,149
Purchase additions and acquisition of subsidiaries	40,643,301	173,540,250	36,138,019	376,232,729	1,286,025	42,286,545	118,373,775	788,500,644
Transfer from construction in progress	827,470,458	860,619,733	24,697,354	265,018,151	374,562	2,441,889	2,619,494	1,983,241,641
Disposals	(30,675,723)	(125,269,470)	(11,615,664)	(137,366,867)	(658,804)	(8,718,190)	(25,167,421)	(339,472,139)
At 31 December 2011	3,149,726,275	5,411,953,495	652,200,698	4,241,106,415	25,434,919	176,559,986	646,691,507	14,303,673,295
Accumulated depreciation								
At 1 January 2011	332,068,994	1,369,620,217	165,662,374	1,073,011,226	12,429,499	77,102,826	248,396,423	3,278,291,559
Depreciation for the year	143,492,251	296,960,070	48,624,098	340,601,144	1,410,083	23,260,888	64,708,610	919,057,144
Other additions	14,422	—	—	65,850	—	699	22,544	103,515
Disposals	(8,791,868)	(65,171,163)	(3,887,812)	(73,479,167)	(317,338)	(6,548,579)	(12,389,744)	(170,585,671)
At 31 December 2011	466,783,799	1,601,409,124	210,398,660	1,340,199,053	13,522,244	93,815,834	300,737,833	4,026,866,547
Impairment								
At 1 January 2011	3,121,169	116,673,323	—	28,748,840	—	—	—	148,543,332
Impairment provided for the year	—	—	—	1,587,596	—	—	—	1,587,596
Disposals	(2,344,610)	(16,301,132)	—	—	—	—	—	(18,645,742)
At 31 December 2011	776,559	100,372,191	—	30,336,436	—	—	—	131,485,186
Net book value:								
At 31 December 2011	2,682,165,917	3,710,172,180	441,802,038	2,870,570,926	11,912,675	82,744,152	345,953,674	10,145,321,562
At 1 January 2011	1,977,098,076	3,016,769,442	437,318,615	2,635,462,336	12,003,637	63,446,916	302,469,236	8,444,568,258



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 13. FIXED ASSETS *(continued)*

Fixed assets that are fully depreciated but still in use are as follows:

	2012		2011	
	Cost	Net book value	Cost	Net book value
Buildings	6,645,619	199,369	3,388,692	101,661
Mining assets	472,012,929	—	405,113,992	—
Power generating and transmission equipment	9,343,681	280,310	8,391,781	251,753
Plant, machinery and equipment	58,511,882	1,755,356	113,800,593	3,414,018
Leasehold improvements	7,955,204	238,656	7,319,394	219,582
Furniture and fixtures	12,249,194	367,476	18,779,886	563,397
Motor vehicles	20,664,900	619,947	14,393,366	431,801
	<b>587,383,409</b>	<b>3,461,114</b>	571,187,704	4,982,212

Fixed assets that are temporarily idle are as follows:

#### 2012

	Power generating and transmission equipment	Plant, machinery and equipment	Furniture and fixtures	Motor vehicles	Total
At 31 December 2012					
Cost	43,630	8,880,113	86,886	270,120	9,280,749
Accumulated depreciation	(24,869)	(3,773,820)	(53,429)	(256,614)	(4,108,732)
Net book value	18,761	5,106,293	33,457	13,506	5,172,017

#### 2011

	Plant, machinery and equipment	Furniture and fixtures	Total
At 31 December 2011			
Cost	5,878,899	70,769	5,949,668
Accumulated depreciation	(1,446,865)	(41,282)	(1,488,147)
Net book value	4,432,034	29,487	4,461,521

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 13. FIXED ASSETS *(continued)*

There were no fixed assets of the Group leased or leased out under finance or operating leases.

Fixed assets of which certificates of title have not been obtained as at 31 December 2012 are as follows:

Item	Net book value	Reasons why certificates of title have not been obtained	Expected timing of obtaining certificates of title
Buildings	1,263,563,466	In the process of applying	2013
Mining assets	586,587,205	In the process of applying	2013
	<b>1,850,150,671</b>		

Fixed assets of which certificates of title have not been obtained as at 31 December 2011:

Item	Net book value	Reasons why certificates of title have not been obtained	Expected timing of obtaining certificates of title
Buildings	531,323,635	In the process of applying	2012
Mining assets	437,525,913	In the process of applying	2012
	<b>968,849,548</b>		

As at 31 December 2012, fixed assets which were frozen by the People's Court due to the litigation and compensation disputes among Xinyi Zijin, a subsidiary of the Company, Xinyi Municipal Government and the local victims were unfrozen (As at 31 December 2011: RMB281,908,642).



## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 14. CONSTRUCTION IN PROGRESS

2012

	Budget	At 1 January 2012	Additions	Transferred to fixed assets	Other reductions	At 31 December 2012	Source of funds	Contribution in budget	Progress of construction
Zijinshan Gold and Copper Mine joint open pit mining project	730,684,117	1,473,570,135	662,719,074	(1,298,673,162)	(5,304,835)	832,311,212	Offering Fund / Equity Fund	110%	88%
Zijin headquarters infrastructure project	162,296,575	46,937,246	53,525,327	(53,221,701)	—	47,240,872	Equity Fund	33%	26%
Guizhou Zijin infrastructure project	896,938,900	226,660,408	218,005,017	(52,366,709)	—	392,298,716	Equity Fund	96%	75%
Northwest Company infrastructure project	73,000,000	23,867,484	8,718,271	(24,301,954)	—	8,283,801	Equity Fund	95%	71%
Fuyun Jinchuan infrastructure project	1,464,306,400	104,186,408	368,911,391	(18,931,834)	—	454,165,965	Equity Fund	55%	44%
Wuqia Jinwang infrastructure project	520,000,000	330,907,145	240,429,525	(442,024,065)	—	129,312,605	Loan / Equity Fund	100%	99%
Hunchun Zijin infrastructure project	561,500,000	35,280,958	97,312,294	(85,774,591)	(3,849,597)	42,969,064	Offering Fund / Equity Fund	113%	87%
Qinghai West infrastructure project	660,000,000	51,839,240	29,449,270	(73,722,302)	—	7,566,208	Equity Fund	103%	99%
Xinjiang Jimbao infrastructure project	56,950,000	21,924,307	54,589,890	(49,085,222)	—	27,428,975	Equity Fund	118%	85%
Xinyi Baoyuan infrastructure project	267,000,000	11,207,279	—	(7,816,798)	—	3,390,481	Equity Fund	98%	99%
Xinyi Dongkeng infrastructure project	76,000,000	15,841,821	—	(3,611,312)	—	12,230,509	Equity Fund	79%	99%
Fujian Zijin Copper infrastructure project	7,000,000	6,896,861	3,823,962	(10,720,823)	—	—	Equity Fund	121%	100%
Bayannaer Zijin infrastructure project	1,350,000,000	162,433,862	340,107,513	(1,581,400)	—	500,959,975	Loan / Equity Fund	138%	99%
Chongli Zijin infrastructure project	99,655,891	61,243,702	24,506,892	(57,334,503)	—	28,416,091	Equity Fund	86%	86%
Longkou Jintai infrastructure project	200,000,001	91,678,301	2,130,804	(1,403,121)	(641,255)	91,764,729	Equity Fund	97%	98%
Shanxi Zijin infrastructure project	122,633,790	28,725,993	32,517,498	(6,113,073)	(2,646,732)	52,483,686	Equity Fund	109%	94%
Wulate Zijin infrastructure project	914,448,500	415,226,752	407,988,944	(68,334,653)	—	754,881,043	Loan / Equity Fund	135%	87%
Xinjiang Ashele infrastructure project	1,129,800,000	360,833,713	407,584,685	(54,960,676)	—	713,457,722	Loan / Equity Fund	110%	80%
Henan Gold Mining infrastructure project	480,000,000	40,451,752	1,698,774	—	—	42,150,526	Equity Fund	9%	8%

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 14. CONSTRUCTION IN PROGRESS *(continued)*

#### 2012 *(continued)*

	Budget	At 1 January 2012	Additions	Transferred to fixed assets	Other reductions	At 31 December 2012	Source of funds	Contribution in budget	Progress of construction
Yuanjiang Huaxi infrastructure project	161,558,700	61,508,971	80,205,512	(70,601,582)	—	71,112,901	Equity Fund	116%	99%
Malipo Zijin infrastructure project	270,208,400	71,509,756	48,771,146	(60,284,716)	(492,202)	59,503,984	Equity Fund	152%	99%
Heilongjiang Duobaoshan infrastructure project	1,880,186,121	790,257,960	247,933,225	(808,782,160)	(9,838,896)	219,570,129	Loan / Equity Fund	104%	99%
ZGC infrastructure project	1,305,345,000	346,606,560	310,064,799	—	—	656,671,359	Offering Fund / Equity Fund	58%	90%
Russia Longxing infrastructure project	2,304,000,000	572,887,156	721,956,443	—	—	1,294,843,599	Loan / Equity Fund	56%	60%
Shanghai Ganlong infrastructure project	402,690,000	138,662,170	152,985,154	—	—	291,647,324	Equity Fund	72%	99%
Jinyi Copper infrastructure project	189,900,000	8,104,458	7,142,508	(15,246,966)	—	—	Equity Fund	128%	100%
Longkou Jinteng infrastructure project	56,506,611	12,392,018	12,774,648	(2,800,023)	—	22,366,643	Equity Fund	113%	88%
Wuiping Zijin infrastructure project	247,400,000	208,217,545	79,054,263	(44,530,766)	(6,689,728)	236,051,314	Loan / Equity Fund	107%	98%
Qinghai Zijin infrastructure project	571,920,000	95,163,370	28,559,371	(115,094,423)	(480)	8,627,838	Offering Fund / Equity Fund	95%	64%
Shangjila Huaxi infrastructure project	55,744,829	1,217,998	16,663,557	(1,217,998)	—	16,663,557	Equity Fund	86%	90%
Zijin Copper infrastructure project	2,614,095,800	1,745,243,387	896,705,261	(1,886,568,748)	—	755,379,900	Loan / Equity Fund / Offering Fund	100%	86%
Luoning Huatai infrastructure project	275,000,000	142,469,536	139,440,109	(224,645,673)	—	57,263,972	Equity Fund	121%	99%
Jinneng Mining infrastructure project	88,043,100	66,367,205	8,937,387	(2,924,372)	—	72,380,220	Equity Fund	85%	85%
Jinzhong Mining infrastructure project	320,000,000	189,639,190	113,486,054	(34,677,437)	—	268,447,807	Equity Fund	95%	95%
Gansu Yate infrastructure project	200,000,000	6,915,999	132,976,596	(569,113)	—	139,323,482	Equity Fund	66%	66%
Alтынken infrastructure project	1,120,000,000	2,536,714	114,441,080	—	—	116,977,794	Equity Fund	10%	10%
Other projects	213,356,556	20,581,360	51,081,127	(13,568,157)	(165,274)	57,929,056	Equity Fund	N/A	N/A
	22,048,169,291	7,989,994,720	6,117,197,371	(5,591,490,033)	(29,628,999)	8,486,073,059			
Impairment		(91,469,553)				(91,469,553)			
		7,898,525,167				8,394,603,506			



## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 14. CONSTRUCTION IN PROGRESS (continued)

2011

	Budget	At 1 January 2011	Additions	Transferred to fixed assets	Other reductions	At 31 December 2011	Source of funds	Contribution in budget	Progress of construction
Zijinshan Gold and Copper Mine joint open pit mining project	1,521,040,800	859,834,041	687,650,325	(66,986,573)	(6,927,658)	1,473,570,135	Offering Fund / Equity Fund	106%	85%
Zijin headquarters infrastructure project	172,000,000	111,832,405	25,151,485	(90,046,644)	—	46,937,246	Equity Fund	95%	85%
Guizhou Zijin infrastructure project	435,000,000	199,679,871	209,637,605	(182,657,068)	—	226,660,408	Equity Fund	147%	99%
Northwest Company infrastructure project	63,466,000	49,907,968	11,505,458	(37,545,942)	—	23,867,484	Equity Fund	96%	72%
Fuyun Jinchuan infrastructure project	400,000,000	57,498,771	53,715,793	(4,452,624)	(2,575,532)	104,186,408	Equity Fund	110%	99%
Wuqia Jinchuan infrastructure project	350,000,000	114,517,277	216,389,868	—	—	330,907,145	Equity Fund	80%	55%
Hunchun Zijin infrastructure project	461,500,000	92,036,931	81,557,705	(137,698,271)	(615,407)	35,280,958	Offering Fund / Equity Fund	116%	90%
Qinghai West infrastructure project	660,000,000	104,732,915	64,908,795	(117,802,470)	—	51,839,240	Equity Fund	99%	99%
Xinjiang Jimbao infrastructure project	60,000,000	6,863,439	48,154,759	(33,093,891)	—	21,924,307	Equity Fund	21%	69%
Xinyi Baoyuan infrastructure project	267,000,000	8,289,269	2,918,010	—	—	11,207,279	Equity Fund	98%	99%
Xinyi Dongkeng infrastructure project	76,000,000	7,418,477	8,423,344	—	—	15,841,821	Equity Fund	79%	99%
Fujian Zijin Copper infrastructure project	7,000,000	4,843,596	2,070,265	—	(17,000)	6,896,861	Loan / Equity Fund	66%	52%
Bayannaer Zijin infrastructure project	1,350,000,000	166,195,816	165,956,382	(169,718,336)	—	162,433,862	Loan / Equity Fund	113%	98%
Chongli Zijin infrastructure project	450,000,000	37,979,406	51,322,386	(28,058,090)	—	61,243,702	Loan / Equity Fund	106%	99%
Longkou Jintai infrastructure project	200,000,001	91,678,301	—	—	—	91,678,301	Equity Fund	96%	97%
Shanxi Zijin infrastructure project	66,000,000	13,364,693	30,777,043	(5,732,111)	(9,683,632)	28,725,993	Equity Fund	153%	99%
Wulate Zijin infrastructure project	657,750,001	242,189,491	180,426,032	(7,388,771)	—	415,226,752	Loan / Equity Fund	126%	99%
Xinjiang Ashele infrastructure project	700,000,000	104,490,784	462,122,676	(205,779,747)	—	360,833,713	Equity Fund	154%	99%
Henan Gold Mining infrastructure project	480,000,000	36,304,671	4,147,081	—	—	40,451,752	Equity Fund	9%	8%

# Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 14. CONSTRUCTION IN PROGRESS (continued)

2011 (continued)

	Budget	At 1 January 2011	Additions	Transferred to fixed assets	Other reductions	At 31 December 2011	Source of funds	Contribution in budget	Progress of construction
Yuanyang Huaxi infrastructure project	151,250,000	44,993,670	45,960,229	(4,147,776)	(25,297,152)	61,508,971	Equity Fund	71%	99%
Anhua Zijin Sibiium and Wolfram infrastructure project	16,650,001	15,943,593	—	—	(15,943,593)	—	Equity Fund	N/A	N/A
Malipo Zijin infrastructure project	267,928,400	150,272,704	100,146,997	(178,909,945)	—	71,509,756	Equity Fund	135%	99%
Heilongjiang Duobaoshan infrastructure project	1,880,186,121	154,134,729	637,391,851	—	(1,268,620)	790,257,960	Loan / Equity Fund	91%	96%
ZGC infrastructure project	1,305,345,000	72,643,461	284,471,598	(10,508,499)	—	346,606,560	Offering Fund / Equity Fund	34%	84%
Russia Longxing infrastructure project	600,000,000	163,594,963	409,292,193	—	—	572,887,156	Equity Fund	95%	83%
Shanghai Ganlong infrastructure project	330,380,000	19,144,993	119,517,177	—	—	138,662,170	Equity Fund	42%	90%
Jinyi Copper infrastructure project	189,900,000	52,528,980	—	(44,424,522)	—	8,104,458	Equity Fund	124%	99%
Longkou Jinfeng infrastructure project	41,041,611	2,174,526	14,950,862	(4,733,370)	—	12,392,018	Equity Fund	124%	99%
Wuping Zijin infrastructure project	291,510,000	201,754,631	141,306,727	(134,843,813)	—	208,217,545	Loan / Equity Fund	132%	99%
Qinghai Zijin infrastructure project	571,920,000	236,429,276	278,269,127	(419,535,033)	—	95,163,370	Offering Fund / Equity Fund	90%	59%
Shangri-la Huaxi infrastructure project	31,146,142	1,217,998	2,574,049	(2,574,049)	—	1,217,998	Equity Fund	100%	81%
Zijin Copper infrastructure project	2,614,095,800	506,479,231	1,251,477,088	(12,712,932)	—	1,745,243,387	loan / Offering Fund / Equity Fund	66%	52%
Luoning Huatai infrastructure project	275,000,000	34,522,189	155,735,452	(47,788,105)	—	142,469,536	Equity Fund	70%	62%
Jimeng Mining infrastructure project	70,000,000	35,054,140	40,408,669	(9,095,604)	—	66,367,205	Equity Fund	94%	94%
Jinzhong Mining infrastructure project	269,573,900	87,195,208	102,443,982	—	—	189,639,190	Equity Fund	71%	71%
Other projects	223,714,229	3,113,360	76,725,911	(27,007,455)	(22,797,743)	30,034,073	Equity Fund	N/A	N/A
	17,506,398,006	4,090,855,774	5,967,506,924	(1,983,241,641)	(85,126,337)	7,989,994,720			
Impairment		(91,469,553)				(91,469,553)			
		3,999,386,221				7,898,525,167			

As at 31 December 2012, construction in progress which was frozen by the People's Court due to the litigation and compensation disputes among Xinyi Zijin, a subsidiary of the Company, Xinyi Municipal Government and the local victims were unfrozen (As at 31 December 2011: RMB11,207,279).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 14. CONSTRUCTION IN PROGRESS *(continued)*

Movements in capitalised borrowing cost:

**2012**

	At 1 January 2012	Capitalised interest for the year	Transferred out for the year	At 31 December 2012	Interest rate of capitalisation
Zijin Copper infrastructure project	83,053,773	26,224,544	—	109,278,317	1.31%-7.54%
Wuping Zijin infrastructure project	13,485,404	6,939,241	(1,548,087)	18,876,558	4.91%-7.87%
Wulate Zijin infrastructure project	11,316,589	8,213,171	—	19,529,760	5.08%-7.54%
Heilongjiang Duobaoshan infrastructure project	18,791,889	46,457,572	—	65,249,461	6.00%-7.61%
Bayannaer Zijin infrastructure project	1,838,553	16,580,448	—	18,419,001	5.13%-7.54%
Wuqia Jinwang infrastructure project	—	28,991,719	(28,991,719)	—	6.90%-7.87%
Russia Longxing infrastructure project	—	20,476,712	—	20,476,712	5.79%
Xinjiang Ashele infrastructure project	—	14,687,875	—	14,687,875	6.10%-7.05%
	<b>128,486,208</b>	<b>168,571,282</b>	<b>(30,539,806)</b>	<b>266,517,684</b>	

## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 14. CONSTRUCTION IN PROGRESS (continued)

2011

	At 1 January 2011	Capitalised interest for the year	Transferred out for the year	At 31 December 2011	Interest rate of capitalisation
Zijin Copper infrastructure project	18,614,047	64,439,726	—	83,053,773	5.35%-6.40%
Chongli Zijin infrastructure project	7,498,773	—	(7,498,773)	—	—
Wuping Zijin infrastructure project	11,301,109	2,544,022	(359,727)	13,485,404	4.91%-5.05%
Wulate Zijin infrastructure project	5,981,436	5,335,153	—	11,316,589	5.31%-7.54%
Heilongjiang Duobaoshan infrastructure project	—	19,359,128	(567,239)	18,791,889	6.31%-7.57%
Bayannaoer Zijin infrastructure project	—	41,354,114	(39,515,561)	1,838,553	4.78%-7.54%
	43,395,365	133,032,143	(47,941,300)	128,486,208	

Movements in impairment provision of construction in progress:

2012	At 1 January 2012	Additions	Reductions	Other reductions	At 31 December 2012	Reasons for provision
Longkou Jintai infrastructure project	91,469,553	—	—	—	91,469,553	Note 1

2011	At 1 January 2011	Additions	Reductions	Other reductions	At 31 December 2011	Reasons for provision
Longkou Jintai infrastructure project	91,469,553	—	—	—	91,469,553	Note 1

Note 1: In 2009, pursuant to the exploration results, part of the underground tunnels in mines could not be used for profit making. Thus, an impairment provision was made by the Group for the relevant parts.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 15. INTANGIBLE ASSETS

##### 2012

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost:				
At 1 January 2012	7,939,056,040	522,871,005	131,181,641	8,593,108,686
Additions	1,045,667,898	612,194,826	19,252,818	1,677,115,542
Disposals	(116,242,100)	(12,401,163)	(4,004,200)	(132,647,463)
At 31 December 2012	8,868,481,838	1,122,664,668	146,430,259	10,137,576,765
Accumulated amortisation				
At 1 January 2012	722,798,692	77,959,161	5,661,407	806,419,260
Amortisation provided for the year	200,645,990	26,281,632	10,502,479	237,430,101
Disposals	—	(1,561,703)	(697,000)	(2,258,703)
At 31 December 2012	923,444,682	102,679,090	15,466,886	1,041,590,658
Impairment				
At 1 January 2012	648,495,327	—	—	648,495,327
Impairment provided for the year (Note 1)	—	—	27,815,000	27,815,000
Write-off (Note 2)	(116,242,100)	—	—	(116,242,100)
At 31 December 2012	532,253,227	—	27,815,000	560,068,227
Net book value:				
At 31 December 2012	7,412,783,929	1,019,985,578	103,148,373	8,535,917,880
At 1 January 2012	6,567,762,021	444,911,844	125,520,234	7,138,194,099

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 15. INTANGIBLE ASSETS *(continued)*

2011

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost:				
At 1 January 2011	5,848,394,933	419,871,117	25,546,701	6,293,812,751
Additions	2,201,009,497	108,288,621	105,784,940	2,415,083,058
Disposals	(110,348,390)	(5,288,733)	(150,000)	(115,787,123)
At 31 December 2011	7,939,056,040	522,871,005	131,181,641	8,593,108,686
Accumulated amortisation				
At 1 January 2011	533,149,433	60,116,328	3,656,670	596,922,431
Amortisation provided for the year	214,969,445	18,912,020	2,089,737	235,971,202
Disposals	(25,320,186)	(1,069,187)	(85,000)	(26,474,373)
At 31 December 2011	722,798,692	77,959,161	5,661,407	806,419,260
Impairment				
At 1 January 2011	403,971,643	—	—	403,971,643
Impairment provided for the year (Note 3)	248,565,730	—	—	248,565,730
Write-off	(4,042,046)	—	—	(4,042,046)
At 31 December 2011	648,495,327	—	—	648,495,327
Net book value:				
At 31 December 2011	6,567,762,021	444,911,844	125,520,234	7,138,194,099
At 1 January 2011	4,911,273,857	359,754,789	21,890,031	5,292,918,677



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 15. INTANGIBLE ASSETS *(continued)*

Note 1: The expected proceeds relating to the exclusive fishing rights of Yongding Zijin Longhu Ecological Industry Development Co., Ltd. decreased. As a result, an impairment provision was provided for the exclusive fishing rights.

Note 2: The impairment provision of mining rights in the previous year was written off in accordance with the disposal of Funing Zhenglong in the current year.

Note 3: The impairment provision of intangible assets in 2011 was mainly due to the mineral reserve of Kingbao Mining Limited ("Kingbao Mining"), a subsidiary of the Company, which probably cannot be exploited pursuant to the results of exploration in 2011. As a result, an impairment provision of RMB248,565,730 was provided for mining rights, of which, RMB164,160,730 was provided for the revaluation reserve of intangible assets arising from the step acquisition of Kingbao Mining and charged to capital reserve (Note V 38).

As at 31 December 2011, the intangible assets of Xinyi Zijin with a carrying amount of RMB9,284,473 were frozen by the People's Court due to the litigation compensation dispute between Xinyi Zijin and Xinyi Municipal Government and local victims. As at 31 December 2012, these frozen assets were fully unfrozen.

\* Land use rights are situated in Mainland China and held under medium-term leases.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 16. GOODWILL

##### 2012

	At 1 January 2012	Additions	Reductions	At 31 December 2012	Impairment provision
Xinjiang Ashele	12,906,890	—	—	12,906,890	—
Qinghai West	455,874	—	—	455,874	—
Hunchun Zijin	71,099,520	—	—	71,099,520	—
Yunnan Huaxi Mineral Resources Company Limited ("Yunnan Huaxi")	33,161,050	—	—	33,161,050	—
Xiamen Zijin	1,241,101	—	—	1,241,101	—
Funing Zhenglong	1,601,662	—	(1,601,662)	—	—
Shanxi Zijin Mining Company Limited ("Shanxi Zijin")	2,503,610	—	—	2,503,610	—
Longkou Jintai Gold Company Limited ("Longkou Jintai")	14,291,025	—	—	14,291,025	(14,291,025)
Xinyi Zijin	44,319,632	—	—	44,319,632	(44,319,632)
Longkou Jinye	3,106,883	—	—	3,106,883	(3,106,883)
Longkou Jinfeng Company Limited ("Longkou Jinfeng")	5,550,718	—	—	5,550,718	(5,550,718)
Norton Gold Fields	—	157,778,981	—	157,778,981	—
Wulatehouqi Zijin Mining Company Limited ("Wulate Zijin")	119,097,944	—	—	119,097,944	—
Bayannaer Zijin	14,531,538	—	—	14,531,538	—
Zijin Copper	4,340,000	—	—	4,340,000	—
Sino Trend Hydro Power Investment Limited ("Sino Trend Hydro Power")	79,642,197	—	—	79,642,197	—
	<b>407,849,644</b>	<b>157,778,981</b>	<b>(1,601,662)</b>	<b>564,026,963</b>	<b>(67,268,258)</b>



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 16. GOODWILL *(continued)*

2011

	At 1 January 2011	Additions	Reductions	At 31 December 2011	Impairment provision
Xinjiang Ashele	12,906,890	—	—	12,906,890	—
Qinghai West	455,874	—	—	455,874	—
Hunchun Zijin	71,099,520	—	—	71,099,520	—
Yunnan Huaxi	33,161,050	—	—	33,161,050	—
Xiamen Zijin	1,241,101	—	—	1,241,101	—
Jiuzhaigou Zijin Mining Company Limited ("Jiuzhaigou Zijin")	8,757,428	—	(8,757,428)	—	—
Shanxi Zijin	2,503,610	—	—	2,503,610	—
Longkou Jintai	14,291,025	—	—	14,291,025	(14,291,025)
Xinyi Zijin	44,319,632	—	—	44,319,632	(44,319,632)
Longkou Jinye	3,106,883	—	—	3,106,883	(3,106,883)
Longkou Jinfeng	5,550,718	—	—	5,550,718	(5,550,718)
Funing Zhenglong	1,601,662	—	—	1,601,662	(1,601,662)
Wulate Zijin	119,097,944	—	—	119,097,944	—
Bayannaer Zijin	14,531,538	—	—	14,531,538	—
Zijin Copper	4,340,000	—	—	4,340,000	—
Sino Trend Hydro Power	79,642,197	—	—	79,642,197	—
	416,607,072	—	(8,757,428)	407,849,644	(68,869,920)

The goodwill amounted to RMB157,778,981 arose from the acquisition of Norton Gold Fields in August 2012. Please refer to Note IV. 4 for details.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 16. GOODWILL *(continued)*

Goodwill arising from business combinations has been allocated to the following asset groups for impairment testing:

- Gold bullion asset group
- Zinc bullion asset group
- Processed gold asset group
- Ore concentrates asset group
- Hydro power asset group

The recoverable amounts of the above asset groups have been determined based on the present value of expected future cash flows. The future cash flows projections are based on the cash flows of financial budgets covering a three-year period approved by management. The pre-tax discount rates applied to cash flows projections ranged from 13% to 22% (2011: 15% to 24%) and cash flows beyond the three-year period are extrapolated using an inflation rate of 3% (2011: 3%). Pursuant to the upstream mineral products' price and cost characteristics, which are insignificantly influenced by inflation, management considered that the forecast assumptions are appropriate.

The carrying amount of goodwill allocated to relevant asset group is as follows:

	Gold bullion	Zinc bullion	Processed gold	Ore concentrates	Hydro power	Total
2012	14,291,025	14,531,538	1,241,101	454,321,102	79,642,197	564,026,963
2011	15,892,687	14,531,538	1,241,101	296,542,121	79,642,197	407,849,644



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 16. GOODWILL *(continued)*

Assumptions are used in the present value of cash flows projections for 31 December 2012 and 31 December 2011. Details of the key assumptions which are used by management for impairment testing of goodwill in the cash flow forecast are as follows:

- Gross margins — The basis used to determine the value assigned to the future gross margins is the average gross margins achieved in the year immediately before the budget year, adjusting according to expected efficiency variance and expected fluctuation of market metal price.
- Discount rates — The discount rates used reflect the tax before discount rate of specific risks relating to the relevant asset group.
- Raw materials price inflation — The basis used to determine the value assigned to raw materials price inflation is the forecasted price indices of the domestic and overseas raw materials during the budget year.

The values of key assumptions allocated to mineral products of market development, discount rates and raw materials price inflation are consistent with external sources of information.

#### 17. LONG-TERM DEFERRED ASSETS

	2012			2011		
	Land compensation costs (Note 1)	Others (Note 2)	Total	Land compensation costs (Note 1)	Others (Note 2)	Total
At 1 January	253,837,351	524,530,182	778,367,533	248,329,229	516,947,015	765,276,244
Additions	2,826,726	156,922,355	159,749,081	28,230,945	153,738,324	181,969,269
Amortisation	(18,059,337)	(104,538,603)	(122,597,940)	(22,530,425)	(114,582,485)	(137,112,910)
Other reductions (Note 3)	(13,241,050)	(2,172,922)	(15,413,972)	(192,398)	(31,572,672)	(31,765,070)
At 31 December	225,363,690	574,741,012	800,104,702	253,837,351	524,530,182	778,367,533
Impairment						
At 1 January	(8,460,000)	—	(8,460,000)	(8,460,000)	(4,270,000)	(12,730,000)
Provided for the year	—	—	—	—	—	—
Reductions	8,460,000	—	8,460,000	—	4,270,000	4,270,000
At 31 December	—	—	—	(8,460,000)	—	(8,460,000)
Net book value at 31 December	225,363,690	574,741,012	800,104,702	245,377,351	524,530,182	769,907,533
Net book value at 1 January	245,377,351	524,530,182	769,907,533	239,869,229	512,677,015	752,546,244

## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Note 1: The land compensation costs relate to the compensation for the occupation of forest lands at mining sites. The amortisation period ranges from 5 to 50 years.

Note 2: As at 31 December 2012 and 2011, other long-term deferred assets mainly includes: mining shaft development expenditure of RMB116,453,985 and RMB149,939,328, respectively; highway charges of RMB89,062,992 and RMB76,269,541, respectively; resource compensation cost of RMB51,280,827 and RMB34,521,956, respectively; amortisation cost of Bi-polar plates of RMB189,147,104 and RMB155,011,121, respectively; resource integration fee of RMB22,677,469 and RMB25,197,188, respectively; forest compensation expenditure of RMB48,363,007 and RMB56,056,520, respectively, and reconstruction of power supply lines of RMB25,813,619 and RMB27,534,528, respectively. The useful lives of Bi-polar plates are 18 months, and the amortisation period of other long-term deferred assets ranges from 5 to 50 years.

Note 3: Other reductions of long-term deferred assets mainly arose from disposal of subsidiaries by the Group.

#### 18. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and deferred tax liabilities are not presented at the net amount after offset:

Deferred tax assets have been recognised:

	Elimination of unrealised profit	Differences in depreciation policies	Impairment provision	Deductible losses	Changes in the fair value of available- for-sale investments	Expense accrued but not paid and others	Total
At 1 January 2011	21,072,953	3,044,300	11,125,954	35,634,698	—	123,093,061	193,970,966
Deferred tax credited to the income statement during the year	70,145,781	496,484	9,341,379	52,850,463	—	42,247,593	175,081,700
Deferred tax credited to equity during the year	—	—	—	—	65,306,575	—	65,306,575
At 31 December 2011	91,218,734	3,540,784	20,467,333	88,485,161	65,306,575	165,340,654	434,359,241
Acquisition of subsidiaries	—	—	26,755,187	68,281,953	—	—	95,037,140
Deferred tax credited/(charged) to the income statement during the year	24,409,212	988,739	20,407,862	87,781,665	—	(58,798,268)	74,789,210
Deferred tax charged to equity during the year	—	—	—	—	(29,417,263)	—	(29,417,263)
At 31 December 2012	115,627,946	4,529,523	67,630,382	244,548,779	35,889,312	106,542,386	574,768,328

As at 31 December 2012, deferred tax assets generated from the above deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 18. DEFERRED TAX ASSETS/LIABILITIES *(continued)*

Deferred tax liabilities have been recognised:

	Changes in fair value of available- for-sale investments	Differences in exploration and evaluation costs depreciation policies	Fair value adjustments arising from acquisition of subsidiaries	Changes in fair value of held- for-trading financial liabilities	Total
At 1 January 2011	31,299,391	—	188,126,811	—	219,426,202
Deferred tax charged/ (credited) to the income statement during the year	—	—	(2,210,147)	15,759,046	13,548,899
Deferred tax credited to equity during the year	(31,299,391)	—	—	—	(31,299,391)
Acquisition of subsidiaries	—	—	24,709,707	—	24,709,707
At 31 December 2011	—	—	210,626,371	15,759,046	226,385,417
Acquisition of a subsidiary	—	65,947,424	175,040,778	—	240,988,202
Deferred tax charged/ (credited) to the income statement during the year	—	(14,993,575)	(6,764,039)	1,469,680	(20,287,934)
At 31 December 2012	—	50,953,849	378,903,110	17,228,726	447,085,685

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 18. DEFERRED TAX ASSETS/LIABILITIES *(continued)*

Deferred tax assets have not been recognised:

	2012	2011
Deductible temporary differences	<b>558,914,890</b>	705,005,605
Deductible tax losses	<b>703,327,727</b>	306,677,801
	<b>1,262,242,617</b>	1,011,683,406

Deductible temporary differences and deductible losses, for which no deferred tax assets are recognised, will expire in the following years:

	2012	2011
2012	—	10,682,926
2013	<b>11,583,813</b>	29,021,303
2014	<b>26,059,721</b>	32,801,879
2015	<b>45,990,869</b>	126,209,898
2016	<b>102,531,094</b>	107,961,795
2017	<b>517,162,230</b>	—
	<b>703,327,727</b>	306,677,801



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 18. DEFERRED TAX ASSETS/LIABILITIES *(continued)*

Deductible temporary differences and taxable temporary differences arising from assets and liabilities are as follows:

<b>Deductible temporary differences</b>	<b>2012</b>	2011
Bad debt provision	<b>624,000</b>	624,000
Inventory provision and unrealised profits	<b>523,851,454</b>	400,746,237
Impairment provision for fixed assets	<b>21,300,431</b>	36,840,882
Differences in fixed assets depreciation policies	<b>18,118,091</b>	14,163,136
Impairment provision for other non-current assets	<b>80,236,682</b>	6,000,000
Employee benefits payable	<b>68,562,900</b>	65,367,378
Other non-current liabilities	—	15,020,000
Deductible tax losses	<b>1,059,247,978</b>	353,940,644
Mineral resource compensation fee not yet paid	<b>72,301,102</b>	132,048,996
Donations	<b>200,000,000</b>	200,000,000
Changes in the fair value of available-for-sale investments	<b>143,557,250</b>	261,226,300
Others	<b>85,305,538</b>	251,459,391
	<b>2,273,105,426</b>	1,737,436,964

  

<b>Taxable temporary differences</b>	<b>2012</b>	2011
Fair value adjustments arising from acquisition of subsidiaries	<b>1,410,426,451</b>	870,904,633
<i>Including: Intangible assets</i>	<b>1,350,607,983</b>	806,218,985
<i>Fixed assets</i>	<b>59,818,468</b>	64,685,648
Fair value adjustments arising from disposals of subsidiaries	—	(28,399,150)
Changes in the fair value of held-for-trading financial liabilities	<b>68,914,902</b>	63,036,184
Differences in exploration and evaluation costs amortisation policies	<b>169,846,163</b>	—
	<b>1,649,187,516</b>	905,541,667

## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 19. OTHER NON-CURRENT ASSETS

	2012			2011		
	Exploration and evaluation costs	Prepaid investment costs, prepayment for exploration and mining rights and others (Note 1)	Total	Exploration and evaluation costs	Prepaid investment cost, prepayment for exploration and mining rights and others	Total
At 1 January	1,170,973,888	1,971,205,638	3,142,179,526	779,502,928	2,601,435,464	3,380,938,392
Additions	867,122,444	1,166,546,402	2,033,668,846	504,930,026	1,291,275,142	1,796,205,168
Reductions	(58,429,138)	(1,040,480,319)	(1,098,909,457)	(34,308,236)	(1,761,876,018)	(1,796,184,254)
Transferred to intangible assets	(160,006,803)	(415,057,737)	(575,064,540)	(79,150,830)	(159,628,950)	(238,779,780)
At 31 December	1,819,660,391	1,682,213,984	3,501,874,375	1,170,973,888	1,971,205,638	3,142,179,526
Impairment						
At 1 January	—	(6,000,000)	(6,000,000)	—	(6,000,000)	(6,000,000)
Provided for the year	—	(45,000,000)	(45,000,000)	—	—	—
Reductions	—	—	—	—	—	—
At 31 December	—	(51,000,000)	(51,000,000)	—	(6,000,000)	(6,000,000)
Net book value at 31 December	1,819,660,391	1,631,213,984	3,450,874,375	1,170,973,888	1,965,205,638	3,136,179,526
Net book value at 1 January	1,170,973,888	1,965,205,638	3,136,179,526	779,502,928	2,595,435,464	3,374,938,392

Note 1: The Group's balance of prepaid investment costs, prepayment for exploration and mining rights and others mainly comprised of prepayment for land use rights of RMB163,292,570 (2011: RMB404,709,277), prepaid exploration and mining rights of RMB33,500,392 (2011: RMB90,794,935), prepaid investment costs of RMB367,120,000 (2011: RMB244,000,000), prepayment for purchase of equipment of RMB388,139,256 (2011: RMB799,884,130), prepayment for purchase of Longhu integrated development rights of RMB204,962,108 (2011: RMB205,312,029), prepaid forest land compensation of nil (2011: RMB71,376,047), long-term receivables of RMB244,947,981 (2011: RMB56,818,218), deposit for Restoration and Improvement of Ecological Environment in Mines of RMB207,681,958 (2011: RMB53,984,817).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 20. ASSETS WITH RESTRICTIONS ON TITLE

##### 2012

Assets that are collateralised or pledged

	At 1 January 2012	Additions	Reductions	At 31 December 2012	Note
Cash and cash equivalents	567,800,000	566,760,389	(567,800,000)	566,760,389	Note V.1 (note 1, 2)
Inventories	30,565,419	—	(30,565,419)	—	Note 1
Fixed assets	35,207,260	—	(35,207,260)	—	Note 2
	<b>633,572,679</b>	<b>566,760,389</b>	<b>(633,572,679)</b>	<b>566,760,389</b>	

Assets with restrictions on the ownership with other reasons

	At 1 January 2012	Additions	Reductions	At 31 December 2012	Note
Cash and cash equivalents	334,574	—	(334,574)	—	Note 3
Inventories	14,535,590	—	(14,535,590)	—	Note 3
Fixed assets	281,908,642	—	(281,908,642)	—	Note 3
Construction in progress	11,207,279	—	(11,207,279)	—	Note 3
Construction materials	54,737	—	(54,737)	—	Note 3
Intangible assets	9,284,473	—	(9,284,473)	—	Note 3
	<b>317,325,295</b>	<b>—</b>	<b>(317,325,295)</b>	<b>—</b>	

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 20. ASSETS WITH RESTRICTIONS ON TITLE *(continued)*

2011

Assets that are collateralised or pledged

	At 1 January 2011	Additions	Reductions	At 31 December 2011	Note
Cash and cash equivalents	113,000,000	567,800,000	(113,000,000)	567,800,000	Note V.1 (note 1)
Inventories	46,890,000	30,565,419	(46,890,000)	30,565,419	Note 1
Fixed assets	38,974,000	—	(3,766,740)	35,207,260	Note 2
	198,864,000	598,365,419	(163,656,740)	633,572,679	

Assets with restrictions on the ownership for other reasons

	At 1 January 2011	Additions	Reductions	At 31 December 2011	Note
Cash and cash equivalents	1,849,020	—	(1,514,446)	334,574	Note 3
Inventories	14,535,590	—	—	14,535,590	Note 3
Fixed assets	295,453,460	—	(13,544,818)	281,908,642	Note 3
Construction in progress	8,289,269	2,918,010	—	11,207,279	Note 3
Construction materials	54,737	—	—	54,737	Note 3
Intangible assets	10,316,081	—	(1,031,608)	9,284,473	Note 3
	330,498,157	2,918,010	(16,090,872)	317,325,295	

Note 1: As at 31 December 2011, inventories with carrying amount of RMB30,565,419 of Xinjiang Jinbao, a subsidiary of the Company, are pledged as collateral against bank borrowings of RMB10,000,000, with maturity of six months. The borrowing was repaid in 2012.

Note 2: As at 31 December 2011, certain power generating and transmission equipment are pledged as collateral by the Group against bank borrowings of RMB30,000,000 with a maturity of 3 years. The borrowing was repaid in 2012.

Note 3: As at 31 December 2012, the assets which were frozen by the People's Court due to the litigation and compensation disputes among Xinyi Zijin, a subsidiary of the Company, Xinyi Municipal Government and the local victims were unfrozen (As at 31 December 2011: RMB317,325,295).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 21. PROVISION FOR IMPAIRMENT OF ASSETS

	At 1 January		Other movements	Reductions		At 31 December
	2012					2012
	Carrying amount	Additions		Reversal	Write-off	Carrying amount
Bad debt provision	10,045,419	7,226,970	—	(2,225)	—	17,270,164
<i>Including: Trade receivables</i>	<i>167,565</i>	<i>7,226,370</i>	—	—	—	<i>7,393,935</i>
<i>Other receivables</i>	<i>9,877,854</i>	<i>600</i>	—	<i>(2,225)</i>	—	<i>9,876,229</i>
Inventories provision	76,162,553	57,547,241	—	(15,727,838)	(56,052,283)	61,929,673
Impairment of available-for-sale investment	—	113,975,059	—	—	—	113,975,059
Impairment of long-term equity investments	20,571,332	—	—	—	(8,220,477)	12,350,855
Impairment of fixed assets	131,485,186	34,885,865	—	—	(29,532,844)	136,838,207
Impairment of construction in progress	91,469,553	—	—	—	—	91,469,553
Impairment of intangible assets	648,495,327	27,815,000	—	—	(116,242,100)	560,068,227
Impairment of goodwill	68,869,920	—	—	—	(1,601,662)	67,268,258
Impairment of long-term deferred assets	8,460,000	—	—	—	(8,460,000)	—
Impairment of other non-current assets	6,000,000	45,000,000	—	—	—	51,000,000
	1,061,559,290	286,450,135	—	(15,730,063)	(220,109,366)	1,112,169,996

## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 21. PROVISION FOR IMPAIRMENT OF ASSETS (continued)

	At 1 January 2011		Other movements	At 31 December 2011		
	Carrying amount	Additions		Reductions		Carrying amount
				Reversal	Write-off	
Bad debt provision	9,293,560	751,859	—	—	—	10,045,419
<i>Including: Trade receivables</i>	<i>91,021</i>	<i>76,544</i>	—	—	—	<i>167,565</i>
<i>    Other receivables</i>	<i>9,202,539</i>	<i>675,315</i>	—	—	—	<i>9,877,854</i>
Inventories provision	5,416,202	71,825,423	—	(11,216)	(1,067,856)	76,162,553
Impairment of long-term equity investments	20,571,332	—	—	—	—	20,571,332
Impairment of fixed assets	148,543,332	1,587,596	—	—	(18,645,742)	131,485,186
Impairment of construction in progress	91,469,553	—	—	—	—	91,469,553
Impairment of intangible assets	403,971,643	248,565,730	—	—	(4,042,046)	648,495,327
Impairment of goodwill	33,307,716	44,319,632	—	—	(8,757,428)	68,869,920
Impairment of long-term deferred assets	12,730,000	—	—	—	(4,270,000)	8,460,000
Impairment of other non-current assets	6,000,000	—	—	—	—	6,000,000
	731,303,338	367,050,240	—	(11,216)	(36,783,072)	1,061,559,290

#### 22. SHORT-TERM BORROWINGS

		2012	2011
Unsecured and non-guaranteed loans		<b>5,479,250,761</b>	3,144,823,928
Secured loans with securities under the lenders' custody	Note 1	<b>920,600,239</b>	660,268,384
Secured loans with securities under the Group's custody	Note 2	—	10,000,000
		<b>6,399,851,000</b>	3,815,092,312



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 22. SHORT-TERM BORROWINGS *(continued)*

Note 1: As at 31 December 2012, a time deposit of USD37,109,118 (equivalent to RMB233,249,361) of the Company was pledged as collateral against a bank borrowing of GBP24,044,740 (equivalent to RMB236,869,539) from Agricultural Bank of China, Shanghai Branch, with a maturity of six months. A guarantee deposit of USD4,536,000 (equivalent to RMB28,511,028) of the Company was pledged as collateral against a bank borrowing of EUR25,750,000 (equivalent to RMB204,650,700) from China Construction Bank, Longyan Branch, with a maturity of one year. A deposit of RMB105,000,000 of the Company was pledged as collateral against a bank borrowing of HKD125,000,000 (equivalent to RMB101,950,000) from Industrial Bank Co., Ltd., Shanghai Branch, with a maturity of one year. A time deposit of RMB200,000,000 of the Company was pledged as collateral against a bank borrowing of USD60,000,000 (equivalent to RMB377,130,000) from Bank of China Limited, Frankfurt Branch, with a maturity of one year. As at 31 December 2011, a time deposit of RMB362,000,000 of the Company was pledged as collateral against a bank borrowing of RMB360,268,384 from Bank of China Limited, Longyan Branch. A time deposit of RMB205,800,000 of Fujian Jinyi Copper Company Limited ("Jinyi Copper"), a subsidiary of the Group, was pledged as collateral against a bank borrowing of RMB300,000,000 from Bank of China Limited, Tokyo Branch.

Note 2: As at 31 December 2011, inventories with carrying amounts of RMB30,565,419 of Xinjiang Jinbao, a subsidiary of the Company, was pledged as collateral against a bank borrowing of RMB10,000,000 from China Rural Credit Union.

As at 31 December 2012, the interest rates of the above borrowings ranged from 1.16% to 7.87% (31 December 2011: 2.90% to 7.54%).

As at 31 December 2012, short-term borrowings of the Group denominated in foreign currency included short-term secured loans with securities under the lenders' custody of GBP24,044,740 from Agricultural Bank of China, short-term unsecured and non-guaranteed loans of USD118,647,128 from Agricultural Bank of China, short-term secured loans with securities under the lenders' custody of EUR25,750,000 from China Construction Bank, short-term secured loans with securities under the lenders' custody of HKD125,000,000 from Industrial Bank Co., Ltd., short-term unsecured and non-guaranteed loans of USD62,520,306 from Industrial and Commercial Bank of China, short-term unsecured and non-guaranteed loans of USD12,168,985 from China Everbright Bank, short-term unsecured and non-guaranteed loans of USD78,118,293 from Bank of China Limited, short-term unsecured and non-guaranteed loans of USD130,213,406 from China Development Bank. As at 31 December 2011, the short-term borrowings of the Group denominated in foreign currencies included short-term unsecured and non-guaranteed loans of USD32,470,858 from Industrial and Commercial Bank of China.

As at 31 December 2012 and 31 December 2011, there were no short-term loans of the Group that are over due but not yet repaid.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 23. HELD-FOR-TRADING FINANCIAL LIABILITIES

		2012	2011
Gold leasing business	Note 1	<b>6,397,563,828</b>	3,812,933,000
Derivative financial liabilities	Note 2	<b>123,871,541</b>	192,715,200
		<b>6,521,435,369</b>	4,005,648,200

Note 1: The Group financed through lease of gold from banks and subsequently sold through the Shanghai Gold Exchange. On maturity, the Group would return gold with the same quantity and specification purchased through the Shanghai Gold Exchange, and pay rental fees to banks. The maturity period ranged from 33 days to 1 year. As at 31 December 2012, gains on changes in fair value of the held-for-trading financial liabilities were RMB20,254,647 (31 December 2011: RMB198,809,739).

Note 2: The Group has engaged in gold forward contracts in accordance with the quantity, specification and repayment terms of gold to be returned to banks in the future for the purpose of hedging certain risks arising from gold price fluctuation from the gold leasing business. As at 31 December 2012, losses on changes in fair value arising from derivative financial liabilities were RMB84,872,732 (31 December 2011: RMB192,715,200).

#### 24. Bills payable

	2012	2011
Bank acceptances	<b>263,152,032</b>	—
Commercial acceptances	<b>50,000,000</b>	—
	<b>313,152,032</b>	—

As at 31 December 2012, bills payable of RMB313,152,032 would be due in 2013.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 25. TRADE PAYABLES

\* An ageing analysis of the trade payables, based on the invoice dates, is as follows:

	2012	2011
Within 1 year	<b>3,960,375,645</b>	3,183,091,120
Over 1 year but within 2 years	<b>168,230,455</b>	32,755,004
Over 2 years but within 3 years	<b>30,893,363</b>	2,192,175
Over 3 years	<b>14,507,100</b>	14,074,612
	<b>4,174,006,563</b>	3,232,112,911

Trade payables are interest-free and are normally settled within three months.

Trade payables of the Group included balances due to related parties of RMB14,563,939 and RMB6,613,030 as at 31 December 2012 and 2011, respectively. Details are disclosed in Note VI THE RELATED PARTY RELATIONSHIP AND TRANSACTIONS. There were no trade payables of the Group due to shareholders holding at least 5% shares with voting powers (31 December 2011: Nil).

As at 31 December 2012, trade payables of the Group included USD payables of USD384,876,923 (approximately RMB2,419,143,902 at exchange rate of USD1 to RMB6.2855) and AUD payables amounted to AUD9,322,577 (approximately RMB60,935,159 at the exchange rate of AUD1 to RMB6.5363). As at 31 December 2011, the trade payables of the Group included USD payables amounted to USD288,113,954 (approximately RMB1,815,377,215 at the exchange rate of USD1 to RMB6.3009).

As at 31 December 2012, there was no significant balance of trade payables aged more than one year (2011: Nil).

#### 26. ADVANCES FROM CUSTOMERS

As at 31 December 2012, advances from customers included balances due to related parties of RMB1,840,701 (31 December 2011: RMB748,248). Details are disclosed in Note VI THE RELATED PARTY RELATIONSHIP AND TRANSACTIONS. There were no advances of the Group from shareholders holding at least 5% shares with voting power (31 December 2011: Nil).

As at 31 December 2012, there were no advances from customers denominated in foreign currency. As at 31 December 2011, advances from customers of the Group included HKD advances from customers of HKD8,001,300 (approximately RMB6,486,654 at the exchange rate of HKD1 to RMB0.8107).

As at 31 December 2012, there was no significant balance of advances from customers aged more than one year (31 December 2011: Nil).

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 27. EMPLOYEE BENEFITS PAYABLE

2012

	At 1 January 2012	Additions	Reductions	At 31 December 2012
Wages or salaries, bonuses, allowances and subsidies	241,414,097	1,520,364,670	(1,495,833,073)	265,945,694
Staff welfare	638,202	138,258,024	(125,273,746)	13,622,480
Social security contributions	10,536,653	174,344,107	(174,454,363)	10,426,397
<i>Including: Basic pension insurance</i>	<i>7,431,400</i>	<i>106,235,958</i>	<i>(106,481,835)</i>	<i>7,185,523</i>
<i>Medical insurance</i>	<i>56,234</i>	<i>38,511,031</i>	<i>(38,474,702)</i>	<i>92,563</i>
<i>Unemployment insurance</i>	<i>1,460,823</i>	<i>10,412,516</i>	<i>(10,349,426)</i>	<i>1,523,913</i>
<i>Accident insurance</i>	<i>1,449,770</i>	<i>15,997,025</i>	<i>(15,979,550)</i>	<i>1,467,245</i>
<i>Maternity insurance</i>	<i>138,426</i>	<i>3,187,577</i>	<i>(3,168,850)</i>	<i>157,153</i>
Housing fund	2,299,834	53,899,748	(54,658,817)	1,540,765
Union running costs and employee education costs	21,606,245	55,760,609	(52,756,796)	24,610,058
Compensation to employees for termination of employment relationship	—	2,242,394	(2,242,394)	—
Others	357,879	4,805,605	(3,192,131)	1,971,353
	<b>276,852,910</b>	<b>1,949,675,157</b>	<b>(1,908,411,320)</b>	<b>318,116,747</b>



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 27. EMPLOYEE BENEFITS PAYABLE *(continued)*

2011

	At 1 January 2011		At 31 December 2011	
		Additions	Reductions	
Wages or salaries, bonuses, allowances and subsidies	211,202,017	1,183,055,769	(1,152,843,689)	241,414,097
Staff welfare	269,266	101,013,931	(100,644,995)	638,202
Social security contributions	5,750,658	136,299,334	(131,513,339)	10,536,653
<i>Including: Basic pension insurance</i>	<i>4,143,431</i>	<i>83,045,625</i>	<i>(79,757,656)</i>	<i>7,431,400</i>
<i>Medical insurance</i>	<i>24,593</i>	<i>28,684,411</i>	<i>(28,652,770)</i>	<i>56,234</i>
<i>Unemployment insurance</i>	<i>1,346,020</i>	<i>8,420,319</i>	<i>(8,305,516)</i>	<i>1,460,823</i>
<i>Accident Insurance</i>	<i>224,530</i>	<i>14,197,245</i>	<i>(12,972,005)</i>	<i>1,449,770</i>
<i>Maternity insurance</i>	<i>12,084</i>	<i>1,951,734</i>	<i>(1,825,392)</i>	<i>138,426</i>
Housing fund	2,280,697	36,450,274	(36,431,137)	2,299,834
Union running costs and employee education costs	16,322,423	33,438,432	(28,154,610)	21,606,245
Compensation to employees for termination of employment relationship	—	3,750,374	(3,750,374)	—
Others	1,330,907	5,233,698	(6,206,726)	357,879
	237,155,968	1,499,241,812	(1,459,544,870)	276,852,910

As at 31 December 2012 and 31 December 2011, there was no overdue employee benefits payable.

The balance of employee benefits payable at 31 December 2012 was expected to be paid within 2013.

#### 28. TAXES PAYABLE

	2012	2011
Resource tax	<b>63,994,869</b>	67,542,652
Value added tax	<b>63,753,447</b>	147,459,966
Business tax	<b>18,638,938</b>	9,530,388
Corporate income tax	<b>1,287,843,322</b>	1,297,351,781
Resource compensation fee	<b>184,611,198</b>	161,271,639
Farmland Occupation Tax	<b>32,339,944</b>	—
Others	<b>40,845,546</b>	26,234,793
	<b>1,692,027,264</b>	1,709,391,219

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 29. DIVIDENDS PAYABLE

	2012	2011
Guizhou Mineral Exploration Development Company	<b>27,000,000</b>	—
Zhenfeng County Industrial Investment Company Limited	<b>10,000,000</b>	—
Guizhou Province Geology and Mineral Resources Exploration and Development Bureau Team 105	<b>13,500,000</b>	—
Tongling Jinchuan Mining Company Limited ("Tongling Jinchuan")	—	17,841,100
Anhui Province Geology and Mineral Resources Bureau Team 321	—	3,481,200
Others	<b>6,897,500</b>	1,803,541
	<b>57,397,500</b>	23,125,841

#### 30. OTHER PAYABLES

	2012	2011
Payables for construction work and equipment	<b>1,103,664,032</b>	836,797,758
Payables for exploration and mining rights	<b>42,971,400</b>	80,472,062
Donations payables (Note 1)	<b>46,870,000</b>	78,069,218
Amounts due to third parties	<b>244,818,081</b>	111,712,712
Withholding income tax	<b>34,337,963</b>	59,731,116
Deposit	<b>283,037,977</b>	182,939,723
Payables for investment costs	—	275,560,244
Payables for agent service	<b>8,056,613</b>	8,543,198
Payables for losses on forward contracts	—	4,060,227
Accrued maintenance costs	<b>7,971,509</b>	6,754,773
Payables for non-controlling shareholders	<b>34,659,196</b>	13,840,529
Others	<b>222,821,415</b>	414,741,853
	<b>2,029,208,186</b>	2,073,223,413



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 30. OTHER PAYABLES *(continued)*

Other payables were interest-free, with an average maturity period of three months.

As at 31 December 2012, there were no other payables which were payable to shareholders holding at least 5% shares with voting powers (31 December 2011: Nil). As at 31 December 2012, other payables included trading balances due to related parties of RMB29,652,593, accounting for 1.46% of the total other payables (31 December 2011: 1.34%). The details are disclosed in Note VI THE RELATED PARTY RELATIONSHIPS AND TRANSACTIONS.

As at 31 December 2012, the significant balance of other payables aged more than one year:

Name of entity	Balance	Reason for not being settled
Habahe County Finance Bureau	<b>46,870,000</b>	Note 1

The above significant balance of other payables aged more than one year is not settled after the balance sheet date.

Note 1: According to the agreement between Xinjiang Ashele, a subsidiary of the Company, and Habahe County Finance Bureau in 2008, Xinjiang Ashele agreed to donate an amount of RMB98,427,094 to the Habahe County Finance Bureau. As at 31 December 2012, an amount of RMB46,870,000 was not yet paid (31 December 2011: RMB71,980,000). A specified bank account was set up with a deposit of RMB41,027,667, and restricted solely for the donation purpose.

As at 31 December 2012, other payables of the Group included USD other payables of USD2,331,211 (approximately RMB14,652,824 at the exchange rate of USD1 to RMB6.2855), HKD other payables of HKD5,961,508 (approximately RMB4,833,591 at the exchange rate of HKD1 to RMB0.8108) and AUD other payables of AUD29,056,025 (approximately RMB189,918,899 at the exchange rate of AUD1 to RMB6.5363). As at 31 December 2011, other payables of the Group included USD other payables of USD955,061 (approximately RMB6,017,724 at the exchange rate of USD1 to RMB6.3009) and HKD other payables of HKD406,313 (approximately RMB329,398 at the exchange rate of HKD1 to RMB0.8107).

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 31. CURRENT PORTION OF NON-CURRENT LIABILITIES

	2012	2011
Long-term borrowings due within one year	<b>503,987,957</b>	173,231,890
Long-term payables due within one year	<b>31,880,000</b>	43,212,700
	<b>535,867,957</b>	216,444,590

Long-term borrowings due within one year are as follows:

	2012	2011
Unsecured and non-guaranteed loans	<b>230,000,000</b>	143,231,890
Secured loans with securities under the Group's custody	—	30,000,000
Guaranteed loans	<b>273,987,957</b>	—
	<b>503,987,957</b>	173,231,890

As at 31 December 2012, there were no long-term borrowings due within one year which were overdue and obtained an extension (31 December 2011: RMB30,000,000).

As at 31 December 2012, the top five balances of long-term borrowings due within one year are as follows:

Lenders	Inception date of borrowing	Maturity date	Currency	Interest rate (%)	2012	2011
Industrial and Commercial Bank of China (Asia) Limited	30 August 2012	30 August 2015 <sup>#</sup>	USD	LIBOR+2.3%	<b>83,712,686</b>	—
Industrial and Commercial Bank of China, Sydney Branch	23 August 2012	21 August 2015 <sup>#</sup>	USD	LIBOR+2.4%	<b>83,712,686</b>	—
Bank of China, Shanghang Sub-Branch	22 October 2010	22 October 2019 <sup>#</sup>	RMB	5.526%	<b>100,000,000</b>	—
Bank of China, Shanghang Sub-Branch	13 September 2010	13 September 2019 <sup>#</sup>	RMB	5.346%	<b>78,380,000</b>	—
Cathay United Bank	22 August 2012	22 August 2017 <sup>#</sup>	USD	LIBOR+2.7%	<b>56,562,626</b>	—
					<b>402,367,998</b>	—

<sup>#</sup> The loan would be repaid year by year.

As at 31 December 2012, there were no long-term borrowings that are due but not yet paid.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 31. CURRENT PORTION OF NON-CURRENT LIABILITIES *(continued)*

The top five balances of long-term borrowings due within one year are as follows:

##### 31 December 2012

Creditor	Period	Initial amount	Annual interest rate (%)	Accrued interest	At 31 December 2012	Borrowing terms
Shanghang Finance Bureau	10 years	56,109,000	—	—	5,600,000	Unsecured
Shanghang Charity Federation	3 years	19,600,000	10	—	26,280,000	Unsecured
		75,709,000		—	31,880,000	

##### 31 December 2011

Creditor	Period	Initial amount	Annual interest rate (%)	Accrued interest	At 31 December 2011	Borrowing terms
Shanghang Finance Bureau	10 years	56,109,000	—	—	11,200,000	Unsecured
Shanghang Charity Federation	3 years	19,600,000	10	—	31,780,000	Unsecured
Minxi Geological Team	5 years	4,232,700	—	—	232,700	Unsecured
		79,941,700		—	43,212,700	

As at 31 December 2012, no current portion of non-current liabilities was due to related parties (31 December 2011: Nil).

As at 31 December 2012, no current portion of non-current liabilities was due to shareholders holding at least 5% shares with voting power (31 December 2011: Nil).

#### 32. LONG-TERM BORROWINGS

	2012	2011
Secured loans with securities under the Group's custody	—	30,000,000
Guaranteed loans <span style="float: right;">Note 1</span>	485,870,000	158,782,680
Unsecured and non-guaranteed loans	6,672,747,704	2,345,162,658
Subtotal	7,158,617,704	2,533,945,338
Including: Long-term borrowings due within one year	(503,987,957)	(173,231,890)
	6,654,629,747	2,360,713,448

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 32. LONG-TERM BORROWINGS *(continued)*

Note 1: In 2012, Heilongjiang Zijin Longxing Mining Company Limited (“Heilongjiang Longxing”), a subsidiary of the Company, borrowed USD77,000,000 (31 December 2011: USD25,200,000) from the Export-Import Bank of China, of which, USD23,100,000 (31 December 2011: USD23,100,000) was guaranteed by Heilongjiang Longxing International Resources Development Group Company Limited (“Longxing International”), a non-controlling shareholder of Heilongjiang Longxing.

As at 31 December 2012, long-term borrowings included foreign currency loans of USD602,490,000 (31 December 2011: USD75,150,000). As at 31 December 2012 and 31 December 2011, there were no long-term borrowings that were due but not yet paid.

Interest rates of the Group’s long-term borrowings ranged from 1.92% to 7.61% (2011: 5.35% to 7.61%).

\* Maturity analysis of long-term borrowings:

	2012	2011
Within 1 year or repayable on demand	<b>503,987,957</b>	173,231,890
Over 1 year to within 2 years	<b>1,584,728,892</b>	77,080,000
Over 2 years to within 5 years	<b>1,733,468,177</b>	686,399,955
Over 5 years	<b>3,336,432,678</b>	1,597,233,493
	<b>7,158,617,704</b>	2,533,945,338

As at 31 December 2012, top five balances of long-term borrowings are as follows:

Lenders	Inception date of borrowing	Maturity date	Currency	Interest rate (%)	2012		2011	
					Foreign currency	Functional currency	Foreign currency	Functional currency
China Development Bank Industrial and Commercial Bank of China	26 October 2012	25 August 2022	USD	LIBOR+4%p.a.	168,000,000	1,055,964,000	—	—
Bank of China	22 December 2011	21 December 2018	RMB	7.61	N/A	716,020,000	N/A	509,000,000
Bank of China	20 March 2012	20 March 2014	USD	3.50	81,140,000	510,005,470	—	—
Cathay United Bank The Export-Import Bank of China	22 August 2012	22 August 2017	USD	LIBOR+2.7%p.a.	81,000,000	509,125,500	—	—
	29 December 2011	29 December 2018	USD	LIBOR+5%p.a.	77,000,000	483,983,500	25,200,000	158,782,680
						<b>3,275,098,470</b>		667,782,680



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 33. BONDS PAYABLE

2012	1 January 2012	Additions	Reductions	31 December 2012
Bonds payable	2,987,514,948	136,358,187	(136,107,059)	2,987,766,076

2011	1 January 2011	Additions	Reductions	31 December 2011
Bonds payable	—	3,051,784,128	(64,269,180)	2,987,514,948

As at 31 December 2012, the balance of bonds payable is as follow:

Issue date	Term of the bond	Currency	Total principal value	Book value of bond	Interest adjustment in the current year	Accrued interest and interest paid for the year	At 31 December 2012
30 June 2011	5 years	USD	280,000,000	275,685,115	12,783,947	(11,900,000)	276,569,062
24 July 2011	5 years	USD	200,000,000	198,455,872	8,817,692	(8,500,000)	198,773,564
			480,000,000	474,140,987	21,601,639	(20,400,000)	475,342,626

As at 31 December 2011, the balance of bonds payable is as follow:

Issue date	Term of the bond	Currency	Total principal value	Book value of bond	Interest adjustment in the current year	Accrued interest and interest paid for the year	At December 2011
30 June 2011	5 years	USD	280,000,000	275,258,033	6,377,082	(5,950,000)	275,685,115
24 July 2011	5 years	USD	200,000,000	198,302,121	4,403,751	(4,250,000)	198,455,872
			480,000,000	473,560,154	10,780,833	(10,200,000)	474,140,987

International Finance, a subsidiary of the Company, issued credit enhanced bonds with a principal value of USD280,000,000 on 30 June 2011, carrying an annual interest rate of 4.25% and maturing on 30 June 2016. The issuing price was 99.276% of the principal value. Payments of principal and interest in respect of the bonds are backed by an irrevocable standby letter of credit (the "Standby Letter of Credit") issued by Bank of China Limited, Paris Branch (the "LC Bank"). Interest on the bonds is payable semi-annually in arrears.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 33. BONDS PAYABLE *(continued)*

On 24 July 2011, the second batch of bonds with a principal value of USD200,000,000 (the "Further Bonds") was issued by International Finance and according to the issuing circular, was consolidated and formed a single series with the bonds issued on 30 June 2011 (the "Original Bonds"). The issue price of the Further Bonds was based on 99.852% of the principal value, plus accrued interest in respect of the period from (excluding) 30 June 2011 to 24 July 2011. Other than the issue price, the terms of the Further Bonds are the same as the Original Bonds. Payments of principal and interest in respect of the Further Bonds are backed by the Standby Letter of Credit issued by the LC Bank, of which the maximum guarantee was raised to USD600,000,000.

As at 31 December 2012, there were no bonds that are due but not yet paid (31 December 2011: Nil).

#### 34. LONG-TERM PAYABLES

	2012	2011
Payables for acquisition of mining rights	<b>8,398,834</b>	19,598,834
Entrusted investment	<b>88,586,376</b>	85,671,063
Deposit for Restoration and Improvement of Ecological Environment in Mines	<b>82,827,054</b>	82,725,517
Others	<b>21,540,300</b>	14,812,503
Subtotal	<b>201,352,564</b>	202,807,917
Including: Long-term payables due within one year	<b>(31,880,000)</b>	(43,212,700)
	<b>169,472,564</b>	159,595,217



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 34. LONG-TERM PAYABLES *(continued)*

As at 31 December 2012, the top five balances of long-term payables are as follows:

Creditor	Period	Initial amount	Annual interest rate (%)	31 December 2012	Borrowing terms
Deposit for Restoration and Improvement of Ecological Environment in Mines (Note 1)	Long-term	59,588,184	—	82,827,054	Unsecured and non-guaranteed
Committee of Jingmei Village (Note 2)	10 years	22,146,063	10	32,561,376	Unsecured and non-guaranteed
Shanghang County Caixitongkang Village (Note 3)	25 years	18,745,000	10	18,745,000	Unsecured and non-guaranteed
Shanghang Charity Federation (Note 4)	3 years	8,000,000	10	8,000,000	Unsecured and non-guaranteed
Gansu Yate Investment Group Company limited (Note 5)	Long-term	9,000,000	—	7,000,000	Unsecured and non-guaranteed
		<b>117,479,247</b>		<b>149,133,430</b>	

As at 31 December 2011, the top five balances of long-term payables are as follows:

Creditor	Period	Initial amount	Annual interest rate (%)	31 December 2011	Borrowing terms
Deposit for Restoration and Improvement of Ecological Environment in Mines (Note 1)	Long-term	59,588,184	—	82,725,517	Unsecured and non-guaranteed
Committee of Jingmei Village (Note 2)	10 years	22,146,063	10	32,146,063	Unsecured and non-guaranteed
Shanghang County Caixitongkang Village (Note 3)	25 years	18,745,000	10	18,745,000	Unsecured and non-guaranteed
Gansu Yate Investment Group Company limited (Note 5)	Long-term	9,000,000	—	9,000,000	Unsecured and non-guaranteed
Shanghang Finance Bureau (Note 6)	10 years	56,109,000	—	8,398,834	Unsecured and non-guaranteed
		165,588,247		151,015,414	

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 34. LONG-TERM PAYABLES *(continued)*

Note 1: According to the requirements of the Government of Shanghang County, starting from 1 January 2003, the Company provides annually a Deposit for Restoration of Ecological Environment in Closing Mines (later renamed as Deposit for Restoration and Improvement of Ecological Environment in Mines) at RMB1 per tonne on ores of which the grade is over 0.5g gold per tonne. The amounts are deposited and managed into a specified bank account (Note V.1 note 1). According to the "Administrative Approach for Restoration and Improvement of Ecological Environment in Mines in Fujian Province (Tentative)" jointly issued by the Department of Land Resources of Fujian, Finance Department of Fujian and Department of Environmental Protection of Fujian, effective from 1 January 2007, the Deposit for Restoration and Improvement of Ecological Environment in Mines is calculated based on the area of mines and other approved impact coefficients.

According to the Notice of Jilin Province Deposit for Restoration and Improvement of Ecological Environment in Mines, the provision for Deposit for Restoration and Improvement of Ecological Environment in Mines is made based on the area of the mines and a coefficient set by relevant authority to Hunchun Zijin, a subsidiary of the Group.

Note 2: The payables represented the land compensation to Jingmei Village. According to the agreement, the Company pays annually 10% of fixed returns to the counter party. The Company will repay a one-off lump sum compensation at the 10th year of the agreement.

Note 3: The payables represented the land compensation and compensation for relocation and production for Caixitongkang Village, Shanghang County. According to the agreement, the Company pays annually 10% of fixed returns. The Company will repay a one-off lump sum compensation to the village at the 25th year of the agreement.

Note 4: In 2010, Shanghang Charity Federation entered into an entrusted investment agreement with the Company. The Company pays annually 10% of fixed returns. The term of the agreement is three years and can be renewed upon mutual consent.

Note 5: The payables represented the loan borrowed from Gansu Yate Investment Group Company Limited by Gansu Yate Mining Company Limited ("Gansu Yate"), a subsidiary of the Company, which was financed for operating purposes.

Note 6: The payables represented the acquisition cost not yet paid to the Shanghang Finance Bureau in relation to the copper mining rights. According to the agreement, the outstanding amount would be repaid within 10 years from July 2005.

\* Maturity analysis of long-term borrowings is as below:

	2012	2011
Within 1 year or repayable on demand	31,880,000	43,212,700
Over 1 year to within 2 years	5,709,000	10,000,000
Over 2 years to within 5 years	54,713,224	112,925,495
Over 5 years	109,050,340	36,669,722
	<b>201,352,564</b>	202,807,917



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 35. PROVISION

2012	1 January 2012	Additions	Reductions	31 December 2012
Provision for Environmental Rehabilitation and Restoration of Mines	—	167,021,572	—	167,021,572

2011	1 January 2011	Additions	Reductions	31 December 2011
Provision for Environmental Rehabilitation and Restoration of Mines	—	—	—	—

Norton Gold Fields, a new subsidiary acquired by the Group in the current year, recognised a provision for environmental rehabilitation and restoration of mines based on the estimation of the useful life of mines, timing of closing pit and the expenditures to be incurred at the time of closing pit.

#### 36. OTHER NON-CURRENT LIABILITIES

The Group's other non-current liabilities represented deferred income. The components and movements are as follows:

	At 31 December 2010	Additions	Amortised or transferred out	31 December 2011	Additions	Amortised or transferred out	At 31 December 2012
Expenditures for science projects	1,672,237	—	(1,233,344)	438,893	10,400,000	(438,893)	10,400,000
Funds for environmental protection projects	36,296,193	5,016,667	(4,980,000)	36,332,860	33,419,575	(1,753,839)	67,998,596
Compensation for exploration	1,000,000	200,000	—	1,200,000	—	(1,200,000)	—
Refund of land compensation	—	27,635,431	(92,118)	27,543,313	36,000,000	(552,709)	62,990,604
Funds for comprehensive utilisation of mineral resources	—	—	—	—	200,000,000	(3,350,000)	196,650,000
Other financial subsidy	17,523,723	7,095,483	(1,463,766)	23,155,440	17,966,230	(12,298,746)	28,822,924
	56,492,153	39,947,581	(7,769,228)	88,670,506	297,785,805	(19,594,187)	366,862,124

As at 31 December 2012 and 31 December 2011, the balances of deferred income of other non-current liabilities were government grants relating to the assets.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 37. SHARE CAPITAL

The Company's registered and fully paid-up capital is RMB2,181,196,365. The nominal value of each share is RMB0.1 per share. The types and structures of the shares are as follows:

##### 2012

	At 1 January 2012		At 31 December 2012	
	Number of shares	Proportion	Number of shares	Proportion
I. Non-restricted tradable shares				
RMB ordinary shares	15,803,803,650	72.45%	15,803,803,650	72.45%
Foreign-owned shares listed overseas	6,008,160,000	27.55%	6,008,160,000	27.55%
Total non-restricted tradable shares	21,811,963,650	100.00%	21,811,963,650	100.00%
II. Total shares	21,811,963,650	100.00%	21,811,963,650	100.00%

##### 2011

	At 1 January 2011		Current year additions and reductions		At 31 December 2011	
	Number of shares	Proportion	Restricted tradable shares are publicly floating	Transferred from capital reserve	Number of shares	Proportion
I. Restricted tradable shares						
State-owned shares	4,210,902,120	28.96%	(4,210,902,120)	—	—	—
Total tradable restricted shares	4,210,902,120	28.96%	(4,210,902,120)	—	—	—
II. Non-restricted tradable shares						
RMB ordinary shares	6,324,966,980	43.49%	4,210,902,120	5,267,934,550	15,803,803,650	72.45%
Foreign-owned shares listed overseas	4,005,440,000	27.55%	—	2,002,720,000	6,008,160,000	27.55%
Total non-restricted tradable shares	10,330,406,980	71.04%	4,210,902,120	7,270,654,550	21,811,963,650	100.00%
III. Total shares	14,541,309,100	100.00%	—	7,270,654,550	21,811,963,650	100.00%

On 25 April 2011, the 4,210,902,120 restricted tradable A shares were publicly floating. Pursuant to the Resolution of transferring the capital reserve into issued capital at the 2010 Annual General Meeting dated 30 May 2011, the Company issued 7,270,654,550 shares with a nominal value of RMB0.1 by transferring the capital reserve of RMB727,065,455 on the basis of total 14,541,309,100 shares in issue as at the end of 2010, with 5 new shares for every 10 existing shares. The increase in issued paid capital was verified by Shanghang An Yong (United) Accounting Firm according to "Hang An Yong [2011] Bian Yan Zi No. 039 "Verification report". As at 31 December 2012, the Company's total registered capital was RMB2,181,196,365 (31 December 2011: RMB2,181,196,365), at a nominal value of RMB0.1 per share.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 38. CAPITAL RESERVE

##### 2012

	At 1 January 2012	Additions	Reductions	At 31 December 2012
Share premium	8,004,531,780	—	(68,309,295)	7,936,222,485
<i>Including: Premium on acquisition of non-controlling interests</i>	<i>(1,080,061,600)</i>	—	<i>(68,309,295)</i>	<i>(1,148,370,895)</i>
<i>Fair value change arising from step acquisition of subsidiaries in business combinations not involving enterprises under common control</i>	<i>37,406,271</i>	—	—	<i>37,406,271</i>
<i>Share of premium arising from capital injection of non-controlling shareholders</i>	<i>72,700,130</i>	—	—	<i>72,700,130</i>
<i>Capital reserve transferred to issued capital</i>	<i>(727,065,455)</i>	—	—	<i>(727,065,455)</i>
Other comprehensive income (Note 1)	(314,001,615)	287,482,422	(137,946,745)	(164,465,938)
Others	(1,042,372)	—	—	(1,042,372)
	<b>7,689,487,793</b>	<b>287,482,422</b>	<b>(206,256,040)</b>	<b>7,770,714,175</b>

##### 2011

	At 1 January 2011	Additions	Reductions	At 31 December 2011
Share premium	8,895,757,965	—	(891,226,185)	8,004,531,780
<i>Including: Premium on acquisition of non-controlling interests</i>	<i>(1,080,061,600)</i>	—	—	<i>(1,080,061,600)</i>
<i>Fair value change arising from step acquisition of subsidiaries in business combinations not involving enterprises under common control</i>	<i>201,567,001</i>	—	<i>(164,160,730)</i>	<i>37,406,271</i>
<i>Share of premium arising from capital injection of non-controlling shareholders</i>	<i>72,700,130</i>	—	—	<i>72,700,130</i>
<i>Capital reserve transferred to issued capital</i>	—	—	<i>(727,065,455)</i>	<i>(727,065,455)</i>
Other comprehensive income (Note 1)	482,415,525	—	(796,417,140)	(314,001,615)
Others	(1,042,372)	—	—	(1,042,372)
	<b>9,377,131,118</b>	<b>—</b>	<b>(1,687,643,325)</b>	<b>7,689,487,793</b>

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 38. CAPITAL RESERVE *(continued)*

Note 1: The increase in other comprehensive income in 2012 included gains on fair value changes of available-for-sale investments of RMB163,947,372, transfer of capital reserve of RMB85,481,294 for recognition of impairment loss on available-for-sale investments and RMB38,053,756 (2011: Nil) for disposal of available-for-sale investments.

The decrease in other comprehensive income in 2012 included losses on fair value changes of available-for-sale investments of RMB9,152,773 (2011: RMB796,417,140), and transfer of capital reserve of RMB128,793,972 due to disposal of available-for-sale investments (2011: Nil).

#### 39. SPECIAL RESERVE

##### 2012

	At 1 January 2012	Additions	Reductions	At 31 December 2012
Production maintenance fund	—	35,057,167	(35,057,167)	—
Safety fund	33,491,518	542,801,565	(478,096,285)	98,196,798
	33,491,518	577,858,732	(513,153,452)	98,196,798

##### 2011

	At 1 January 2011	Additions	Reductions	At 31 December 2011
Production maintenance fund	—	32,832,689	(32,832,689)	—
Safety fund	56,500,682	355,647,615	(378,656,779)	33,491,518
	56,500,682	388,480,304	(411,489,468)	33,491,518



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 40. SURPLUS RESERVE

2012	At 1 January 2012	Additions	Reductions	At 31 December 2012
Statutory reserve	1,319,401,104	—	—	1,319,401,104

2011	At 1 January 2011	Additions	Reductions	At 31 December 2011
Statutory reserve	999,800,342	319,600,762	—	1,319,401,104

Pursuant to the regulations issued by the Ministry of Finance, provision of statutory reserve can be ceased if the aggregate balance of the statutory reserve achieves 50% of the Company's registered capital. In the current year, the balance of the statutory reserve has achieved 50% of the Company's registered capital, therefore the provision of statutory reserve was ceased. The Company can provide a discretionary reserve after the statutory reserve is made. Discretionary reserve can be used to offset accumulated losses for previous years or be transferred to issue capital on approval.

#### 41. RETAINED EARNINGS

	2012	2011
At 1 January	14,004,152,348	10,065,314,920
Net profit attributable to the owners of the parent	5,211,208,977	5,712,569,100
Less: Appropriation for the statutory reserve	—	319,600,762
Dividends distribution	2,181,196,365	1,454,130,910
At 31 December	17,034,164,960	14,004,152,348

On 28 May 2012, the 2011 Annual General Meeting of the Company approved the final cash dividend of RMB0.1 per ordinary share in aggregate of RMB2,181,196,365.

On 30 May 2011, the 2010 Annual General Meeting of the Company approved the final cash dividend of RMB0.1 per ordinary share in aggregate of RMB1,454,130,910.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 42. NON-CONTROLLING INTERESTS

Non-controlling interests attributable to the shareholders of subsidiaries:

	2012	2011
Xinjiang Ashele	<b>767,972,751</b>	897,883,050
Heilongjiang Duobaoshan Copper Company Limited ("Heilongjiang Duobaoshan")	<b>577,981,233</b>	454,727,282
Guizhou Zijin	<b>384,123,491</b>	445,630,439
Bayannaoer Zijin	<b>330,040,766</b>	359,939,618
Wenshan Malipo Zijin Tungsten Group Company Limited ("Malipo Zijin")	<b>288,198,830</b>	273,118,233
Yunnan Huaxi	<b>249,013,365</b>	257,307,364
Huanmin Mining Company Limited ("Huanmin Mining")	<b>244,366,731</b>	248,580,849
Hebei Chongli Zijin Mining Company Limited ("Chongli Zijin")	<b>231,739,165</b>	214,608,669
Jinhao Iron	<b>192,907,913</b>	—
Golden China Inner Mongolia Gold Exploration Corporation	<b>164,667,496</b>	155,697,301
Alтынken Limited Liability Company ("Alтынken")	<b>153,103,998</b>	145,990,333
Norton Gold Fields	<b>147,784,787</b>	—
Long Province Resources Company Limited	<b>133,502,252</b>	133,628,430
Luoyang Yinhui	<b>103,590,944</b>	86,312,292
Henan Gold Mining Company Limited ("Henan Gold Mining")	<b>98,777,784</b>	98,777,784
Sino Trend Hydro Power	<b>73,457,330</b>	71,457,357
Gansu Yate	<b>62,589,259</b>	95,580,832
Ankang Jinfeng	<b>51,976,827</b>	—
Finance Company	<b>32,955,774</b>	30,460,705
Sanming City Hongguo Mining Company Limited	—	86,100,000
Others	<b>1,112,626,290</b>	1,068,265,486
	<b>5,401,376,986</b>	5,124,066,024



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 43. OPERATING INCOME AND OPERATING COSTS

Analyses of operating income and operating costs are as follows:

Operating income:

	2012	2011
Revenue from principal operations	<b>47,732,636,436</b>	39,436,936,985
Revenue from other operations	<b>682,082,770</b>	326,978,456
	<b>48,414,719,206</b>	39,763,915,441

Operating costs:

	2012	2011
Cost of principal operations	<b>35,966,404,643</b>	27,354,836,165
Cost of other operations	<b>408,459,431</b>	181,707,423
	<b>36,374,864,074</b>	27,536,543,588

Analyses of revenue from principal operations and cost of principal operations by products:

	2012		2011	
	Revenue from principal operations	Cost of principal operations	Revenue from principal operations	Cost of principal operations
Gold bullion	7,036,036,225	1,870,486,058	6,806,507,465	1,588,156,839
Refinery, processed and trading gold	19,202,793,317	18,559,372,120	18,925,400,926	18,456,676,282
Copper cathodes	147,914,973	117,445,856	162,273,981	126,477,011
Refinery copper	5,087,480,380	4,967,106,830	131,641,897	118,263,970
Ore concentrates	8,380,971,824	3,410,003,010	7,896,935,662	2,275,612,787
Zinc bullion	1,996,915,340	1,896,540,579	2,705,759,901	2,583,060,332
Others	5,880,524,377	5,145,450,190	2,808,417,153	2,206,588,944
	<b>47,732,636,436</b>	<b>35,966,404,643</b>	39,436,936,985	27,354,836,165

More than 98% (2011: 100%) of revenue from and cost of principal operations of the Group arise from mining, processing and refining mineral products and trading. As such, the management of the Group considers that there is no need to disclose the segment revenue and costs based on industry.

During the year 2012, more than 99% (2011: more than 99%) of the operating income arises from sales of commodities. As such, the management of the Group considers that there is no need to disclose the operating income and costs based on the nature of income.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 43. OPERATING INCOME AND OPERATING COSTS *(continued)*

Revenue of the top five customers of the Group in 2012:

	2012	Proportion of revenue (%)
Shanghai Gold Exchange <sup>#</sup>	23,456,655,918	48.45
Jinchuan Group Company Limited	1,842,104,333	3.80
Fujian Shanghang Taiyang Copper Company Limited	1,273,887,849	2.63
Xinjiang Bayi Steel Group Company Limited	726,358,808	1.50
Jinlong Copper Company Limited	666,015,966	1.38
	<b>27,965,022,874</b>	<b>57.76</b>

Revenue of the top five customers of the Group in 2011:

	2011	Proportion of revenue (%)
Shanghai Gold Exchange <sup>#</sup>	23,127,620,412	58.16
Jinchuan Group Company Limited	1,699,677,391	4.27
Baiyin Nonferrous Metals Company	954,757,489	2.40
Lingbao Gold Company Limited	620,546,033	1.56
Shenzhen Huaqiang Supply Chain Management Company Limited	544,867,263	1.37
	<b>26,947,468,588</b>	<b>67.76</b>

<sup>#</sup> The ultimate customers are not listed in detail.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 44. TAXES AND SURCHARGES

	2012	2011
Business tax	<b>82,116,198</b>	31,005,028
City construction and maintenance tax	<b>42,639,112</b>	37,281,879
Resource tax	<b>323,181,140</b>	243,867,856
Education surcharges	<b>49,705,763</b>	45,420,880
Others	<b>43,456,213</b>	24,469,598
	<b>541,098,426</b>	382,045,241

Tax rates for taxes and surcharges are disclosed in Note III 1.

#### 45. SELLING EXPENSES

	2012	2011
Salaries and welfares	<b>39,010,294</b>	30,143,408
Transportation expense	<b>453,250,503</b>	316,497,294
Unloading expense	<b>11,582,524</b>	7,642,578
Storage expense	<b>2,717,593</b>	3,346,700
Packing expense	<b>5,173,066</b>	5,035,611
Insurance expense	<b>3,823,460</b>	3,302,593
Charge of commission sales	<b>13,198,590</b>	17,941,268
Advertising expense	<b>2,780,070</b>	454,866
Depreciation expense	<b>5,955,859</b>	3,793,539
Material consumption	<b>8,747,540</b>	8,833,866
Others	<b>50,621,246</b>	36,264,713
	<b>596,860,745</b>	433,256,436

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 46. ADMINISTRATIVE EXPENSES

	2012	2011
Salaries and welfares	<b>635,708,519</b>	498,914,641
Office expenses	<b>140,799,087</b>	143,911,700
Travelling and meeting expenses	<b>42,657,240</b>	47,035,723
Stipulated fees	<b>328,958,652</b>	372,870,027
Taxes	<b>64,894,989</b>	49,718,824
Depreciation expenses	<b>202,164,370</b>	140,031,621
Research and development	<b>88,482,452</b>	76,118,260
Audit fee *	<b>13,322,209</b>	11,137,139
Entertainment expenses	<b>51,402,142</b>	46,236,434
Repair and maintenance costs	<b>12,739,125</b>	20,915,930
Environmental protection expenses	<b>3,842,311</b>	5,203,599
Pre-operating costs	<b>4,541,492</b>	11,978,706
Professional consulting expenses	<b>76,614,586</b>	30,692,155
Property insurance expenses	<b>12,913,454</b>	2,852,140
Exploration expenses	<b>58,429,138</b>	34,308,236
Others	<b>136,784,667</b>	117,414,072
	<b>1,874,254,433</b>	1,609,339,207

\* In the year 2012, the auditors' remuneration is RMB8,176,630 (2011: RMB6,850,000).

#### 47. FINANCIAL EXPENSES

	2012	2011
Interest expenses:	<b>943,245,114</b>	630,091,716
Including: *Bank loans	<b>806,886,927</b>	562,163,395
*Bonds payable	<b>136,358,187</b>	67,928,321
Less: Interest income	<b>149,763,930</b>	131,403,188
Capitalised interest expenses	<b>168,571,282</b>	133,032,143
Exchange losses	<b>64,697,959</b>	45,707,150
Bank charges	<b>84,982,647</b>	78,997,018
Others	<b>29,374,670</b>	6,040,231
	<b>803,965,178</b>	496,400,784

Capitalised interest expenses are included in construction in progress. In 2012, no interest income arose from impaired financial assets (2011: Nil).

\* Interest on bank loans and bonds payable wholly repayable within five years amounted to RMB792,561,203 (2011: RMB606,060,415). Interest on bank loans not wholly repayable over five years amounted to RMB150,683,911 (2011: RMB24,031,301).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 48. IMPAIRMENT LOSSES ON ASSETS

	2012	2011
Bad debt provision for trade and other receivables	<b>7,224,745</b>	751,859
Provision for decline in value of inventories	<b>41,819,403</b>	71,814,207
Impairment on available-for-sale investments	<b>113,975,059</b>	—
Impairment on fixed assets	<b>34,885,865</b>	1,587,596
Impairment on intangible assets	<b>27,815,000</b>	84,405,000
Impairment on goodwill	—	44,319,632
Impairment on other non-current assets	<b>45,000,000</b>	—
	<b>270,720,072</b>	202,878,294

#### 49. GAINS/(LOSSES) ON CHANGES IN FAIR VALUE

	2012	2011
Held-for-trading financial assets	<b>122,697,578</b>	(63,225,181)
<i>Including: unsettled provisional price arrangements</i>		
– <i>Ineffective portion of fair value hedges</i>	—	(1,525,070)
– <i>Non-effective hedging</i>	<b>5,077,703</b>	(9,712,056)
Held-for-trading financial liabilities (Note 1)	<b>(109,711,432)</b>	6,094,539
	<b>12,986,146</b>	(57,130,642)

Note 1: In year 2012, gains or losses on changes in fair value of held-for-trading financial liabilities include losses on changes in fair value arising from the gold leasing business of RMB178,555,092 (2011: gains of RMB198,809,739), and gains on changes in fair value of gold futures of RMB68,843,660 (2011: losses of RMB192,715,200).

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 50. INVESTMENT INCOME

	2012	2011
Income from long-term equity investments under the equity method	<b>242,514,892</b>	205,253,368
<i>Including: Share of profits of associates</i>	<b>238,988,380</b>	184,528,236
<i>Share of profits of joint ventures</i>	<b>3,526,512</b>	20,725,132
Income from long-term equity investments under the cost method	<b>12,540,344</b>	16,489,590
Gain on disposal of subsidiaries	<b>10,580,835</b>	14,756,231
Gain on disposal of other long-term equity investments	—	522,576
Gain/(loss) on disposal of held-for-trading financial assets (Note 1)	<b>264,280,528</b>	(8,195,150)
Gain on disposal of available-for-sale investments (Note 2)	<b>65,055,893</b>	276,852,870
Gain on acquisition of Norton Gold Fields (Note 3)	<b>41,190,727</b>	—
Interest income on convertible bonds	—	31,504,500
Others	<b>3,721,361</b>	24,591,843
	<b>639,884,580</b>	561,775,828

\* In year 2012, investment income from investments in listed and unlisted companies are RMB144,405,542 and RMB495,479,038, respectively (2011: RMB306,112,383 and RMB255,663,445, respectively).

Note 1: In the year of 2012, the investment income resulting from disposal of held-for-trading financial assets included gains of RMB226,121,606 on the settlement of future contracts (2011: losses of RMB30,363,154).

Note 2: In the year of 2012, investment income resulting from disposal of available-for-sale investments were generated from the gains on disposal of stock investments. In 2011, gain on disposal of available-for-sale investment was generated from the disposal of the debt portion of the convertible bonds issued by Glencore Finance.

Note 3: In 2012, the Group transferred the relevant comprehensive income of equity interests in Norton Gold Fields before the take-over offer into investment income. Please refer to Note IV.1 (Note 2) for the details of the acquisition of Norton Gold Fields.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 50. INVESTMENT INCOME *(continued)*

Investees with top five investment income from long-term equity investments under the cost method:

Investee	2012	2011	Reasons for variance with last period
Sichuan Liwu Copper Company Limited	<b>7,352,944</b>	3,512,590	Dividends distribution
Muli Rongda	<b>3,000,000</b>	1,260,000	Dividends distribution
Xinjiang Xinxin Mining Industry Company Limited	<b>1,697,400</b>	8,487,000	Decrease in dividends distribution
Luoyang Commercial Bank	<b>390,000</b>	130,000	Dividends distribution
Nanjing China Net Communication Company Limited	<b>100,000</b>	100,000	No change
	<b>12,540,344</b>	13,489,590	

Investees with top five investment income from long-term equity investments under the equity method:

Investee	2012	2011	Reasons for variance with last period
Wancheng Commercial	<b>139,924,301</b>	150,908,566	Change in net profit of the investee
Haixia Technology	<b>40,700,849</b>	27,895,114	Change in net profit of the investee
Longyan Makeng	<b>31,196,934</b>	35,815,802	Change in net profit of the investee
Shandong Guoda	<b>19,003,944</b>	20,725,132	Change in net profit of the investee
Xinjiang Tianlong	<b>10,653,878</b>	20,604,607	Change in net profit of the investee
	<b>241,479,906</b>	255,949,221	

Since there is no difference in the accounting policies and period adopted between the investees and the Group, investment income/loss was recognised based on the carrying amount of net profit/loss of the investees.

As at 31 December 2012, there are no material restrictions on the transfer of the investment income back to the Group (31 December 2011: Nil).

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 51. NON-OPERATING INCOME

	2012	2011
Gains on disposal of non-current assets	<b>1,834,059</b>	1,326,615
<i>Including: Gains on disposal of fixed assets</i>	<b>1,834,059</b>	992,615
<i>Gains on disposal of intangible assets</i>	—	334,000
Penalty income	<b>3,991,306</b>	3,147,793
Gains on stock taking	—	362,521
Government grants	<b>91,978,060</b>	90,944,316
Others	<b>123,094,988</b>	38,791,234
	<b>220,898,413</b>	134,572,479

Analysis of government grants is as follows:

	2012	2011
Government grants related to assets:		
Technical innovation	<b>1,000,000</b>	883,333
Environmental protection	<b>1,652,099</b>	500,000
Exploration	<b>1,200,000</b>	3,090,000
Comprehensive utilisation of mineral resources	<b>3,350,000</b>	—
Others	<b>5,203,255</b>	2,648,479
	<b>12,405,354</b>	7,121,812
Government grants related to income:		
Special government rewards (Note 1)	<b>28,780,584</b>	60,699,584
VAT subsidies (Note 2)	<b>27,538,866</b>	4,922,072
Tax refund	<b>10,110,350</b>	9,633,788
Others (Note 3)	<b>13,142,906</b>	8,567,060
	<b>79,572,706</b>	83,822,504
	<b>91,978,060</b>	90,944,316



# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 51. NON-OPERATING INCOME *(continued)*

Note 1: During the year 2012, the special governmental rewards mainly include environmental protection subsidy funds of RMB13,305,000 received by some of the subsidiaries of the Group, 2011 reward funds of resource economisation and comprehensive utilisation of RMB7,000,000 received by Guizhou Zijin from the Financial Bureau of Zhenfeng County, reward for enterprises' contributions to governments in aggregate of RMB4,642,984 received by the Company and some of the subsidiaries of the Group, and Project "Growth Maintenance and Stabilisation of Production" supporting fund of RMB3,200,000 received by Qinghai Zijin from the management committee in Ganheyuan district, Qinghai Province.

Note 2: Qinghai West, Longkou Jinfeng and Bayannaer Zijin received VAT subsidies in aggregate of RMB27,538,866.

Note 3: The Company and Zijin Copper, etc. received the electricity reward to expand production capacity of RMB7,937,325 from the Shanghang Finance Bureau.

### 52. NON-OPERATING EXPENSES

	2012	2011
Donations	<b>190,096,198</b>	274,749,828
Losses on disposal of non-current assets	<b>42,731,004</b>	41,842,806
<i>Including: Losses on disposal of fixed assets</i>	<b>42,731,004</b>	40,337,422
Penalties	<b>31,045,236</b>	20,116,731
Losses arising from natural disasters	<b>170,975</b>	630,913
Losses on stock taking	<b>1,431,836</b>	3,776,809
Others	<b>5,190,851</b>	125,250,780
	<b>270,666,100</b>	466,367,867

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 53. INCOME TAX EXPENSES

	2012	2011
Current tax expenses		
– Mainland China	<b>2,497,883,147</b>	2,527,306,040
– Hong Kong*	—	3,041
Deferred tax expenses	<b>(95,077,144)</b>	(161,532,801)
	<b>2,402,806,003</b>	2,365,776,280

Reconciliation of income tax expenses to profit before tax is as follows:

	2012	2011
Profit before tax	<b>8,556,059,317</b>	9,276,301,689
Income tax calculated at the applicable tax rate (Note 1)	<b>2,139,014,829</b>	2,319,075,422
Effect of different tax rates of certain subsidiaries	<b>(84,222,712)</b>	16,582,695
Underprovision in prior years	<b>87,418,802</b>	16,212,501
Income not subject to tax (Note 2)	<b>(96,322,880)</b>	(175,773,204)
Expenses not deductible for tax purposes (Note 3)	<b>56,891,085</b>	89,678,618
Previous tax losses utilised	<b>(971,453)</b>	(21,547,998)
Effect of unrecognised deductible temporary differences and deductible tax losses	<b>300,998,332</b>	121,548,246
Income tax expenses calculated at the Group's effective tax rate	<b>2,402,806,003</b>	2,365,776,280

Note 1: Provision for the PRC enterprise income tax expenses has been made at applicable tax rates based on the taxable profits. In 2012, there was no assessable profit arising in Hong Kong (2011: Provision for Hong Kong profits tax has been made at the rate of 16.5% multiplied by 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 enterprise operates.

Note 2: Included share of profits of long-term equity investments under the equity method of RMB242,514,892 for the year 2012 (2011: RMB205,253,368).

Note 3: Included donations not deductible for tax purposes of RMB15,913,590 for the year 2012 (2011: RMB124,631,890).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 54. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated net profit for the current year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. The number of newly issued ordinary shares is ascertained as from the date the consideration is due (generally the issue date of shares) according to the provisions in the issuing agreement.

There were no potential dilutive ordinary shares for the Company.

Basic earnings per share is calculated as follows:

	2012	2011
Earnings		
Consolidated net profit attributable to the owners of the parent	<b>5,211,208,977</b>	5,712,569,100
Shares		
Weighted average number of ordinary shares outstanding	<b>21,811,963,650</b>	21,811,963,650

#### 55. OTHER COMPREHENSIVE INCOME

	2012	2011
Losses arising from available-for-sale investments	<b>(34,050,467)</b>	(488,133,753)
Less: Income tax effects	<b>(3,050,924)</b>	(96,605,966)
Gains transferred from recognised other comprehensive income to consolidated income statement	<b>(180,535,220)</b>	404,889,353
	<b>149,535,677</b>	(796,417,140)
Exchange differences arising from translation of financial statements denominated in foreign currencies	<b>(2,937,920)</b>	(98,034,973)
	<b>146,597,757</b>	(894,452,113)

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 56. NOTES TO STATEMENT OF CASH FLOWS

Significant cash flows of the Group are as follows:

	2012	2011
Other cash payments relating to operating activities		
Selling expenses	<b>(67,643,296)</b>	(61,302,113)
Administrative expenses	<b>(913,057,417)</b>	(676,722,137)
Donations	<b>(197,217,137)</b>	(422,282,014)
Cash paid for security deposits	<b>(141,204,044)</b>	(40,031,684)
Others	<b>(147,590,481)</b>	(26,192,181)
	<b>(1,466,712,375)</b>	(1,226,530,129)
Other cash payments relating to investing activities		
Acquisition of equity interest in subsidiaries from non-controlling shareholders	<b>(186,000,000)</b>	(93,567,471)
	<b>(186,000,000)</b>	(93,567,471)
Other cash receipts relating to financing activities		
Government grants	<b>370,169,678</b>	123,122,669
Release of pledged bank deposits	<b>462,800,000</b>	—
Borrowings from third parties	<b>324,723,167</b>	118,868,743
	<b>1,157,692,845</b>	241,991,412
Other cash payments relating to financing activities		
Repayment of borrowings from third parties	<b>(191,617,798)</b>	(79,352,139)
Repayment of borrowings from associates	—	(167,389,850)
Pledged bank deposits	<b>(461,760,389)</b>	(454,800,000)
Bank charges	<b>(109,687,403)</b>	(85,037,249)
	<b>(763,065,590)</b>	(786,579,238)



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 57. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

##### (1) Supplementary information to the statements of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2012	2011
Net profit	<b>6,153,253,314</b>	6,910,525,409
Add: Provision for impairment losses of assets	<b>270,720,072</b>	202,878,294
Depreciation of fixed assets	<b>1,319,998,832</b>	919,057,144
Amortisation of intangible assets	<b>237,430,101</b>	235,971,202
Depreciation of investment properties	<b>1,991,059</b>	2,043,783
Amortisation of long-term deferred assets	<b>122,597,940</b>	137,112,910
Losses on disposal of fixed assets, intangible assets and other long-term assets	<b>40,896,945</b>	40,516,191
(Gains)/losses on changes in the fair values	<b>(12,986,146)</b>	57,130,642
Financial expenses	<b>889,031,149</b>	582,096,822
Investment income	<b>(413,762,974)</b>	(592,138,982)
Government grants	<b>(91,978,060)</b>	(90,944,316)
Increase in inventories	<b>(3,451,211,118)</b>	(3,760,437,065)
Increase in deferred tax assets	<b>(74,789,210)</b>	(175,081,700)
(Decrease)/increase in deferred tax liabilities	<b>(20,287,934)</b>	13,548,899
Increase in receivables from operating activities	<b>(550,196,511)</b>	(1,676,548,944)
Increase in payables from operating activities	<b>863,739,800</b>	3,573,149,174
Increase/(decrease) in special reserve	<b>64,705,280</b>	(23,009,164)
Exploration expense	<b>58,429,138</b>	34,308,236
Net cash flow from operating activities	<b>5,407,581,677</b>	6,390,178,535

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 57. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS *(continued)*

##### (2) Acquisition or disposal of subsidiaries or other business units during the year

Information about acquisition of subsidiaries and other business units

	2012	2011
Consideration for acquisition of subsidiaries and other business units	<b>1,481,285,663</b>	1,472,240,130
Cash and cash equivalents for acquisition of subsidiaries and other business units	<b>1,227,039,268</b>	1,472,240,130
Less: cash and cash equivalents held by subsidiaries and other business units	<b>404,223,608</b>	35,912,251
Net cash flow used in acquisition of subsidiaries and other business units	<b>822,815,660</b>	1,436,327,879
Net assets of the acquired subsidiaries		
Current assets	<b>613,841,187</b>	63,545,935
Non-current assets	<b>2,016,701,405</b>	2,316,240,844
Current liabilities	<b>(367,329,240)</b>	(477,346,266)
Non-current liabilities	<b>(699,265,517)</b>	(50,981,620)
	<b>1,563,947,835</b>	1,851,458,893

Information about disposal of subsidiaries and other business units

	2012	2011
Consideration for the disposal of subsidiaries and other business units	<b>50,428,989</b>	173,554,677
Cash and cash equivalents received from the disposal of subsidiaries and other business units	<b>50,428,989</b>	165,996,160
Less: cash and cash equivalents held by subsidiaries and other business units	<b>40,699,934</b>	72,578,829
Net cash inflow from the disposal of subsidiaries and other business units	<b>9,729,055</b>	93,417,331
Net assets of the disposed subsidiaries		
Current assets	<b>54,150,799</b>	124,972,408
Non-current assets	<b>43,197,280</b>	158,251,670
Current liabilities	<b>(39,042,102)</b>	(90,165,953)
	<b>58,305,977</b>	193,058,125



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### 57. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS *(continued)*

##### (3) Cash and cash equivalents

	2012	2011
Cash	<b>6,314,739,975</b>	4,917,187,865
<i>Including: Cash on hand</i>	<b>6,792,520</b>	6,895,007
<i>Cash at banks that can be readily drawn on demand</i>	<b>6,307,947,455</b>	4,910,292,858
Closing balance of cash and cash equivalents	<b>6,314,739,975</b>	4,917,187,865

No cash and cash equivalents of the Group was restricted for use.

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### 1. THE LARGEST SHAREHOLDER OF THE COMPANY

Name of the entity	Type of the entity	Place of incorporation/ registration	Legal representative	Nature of Business	Registered capital	Proportion of the Company's ownership (%)	Proportion of the Company's voting powers (%)	Organisation code
Minxi Xinghang	State-owned	No. 110 Zhenxing Road Linjiang Village, Shanghang County Longyan City Fujian Province	Liu Shimin	Investment in Fujian	RMB368 million	29.15%	29.15%	70511151-X

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 2. SUBSIDIARIES OF THE COMPANY

Principal subsidiaries of the Company are disclosed in NOTE IV SCOPE OF CONSOLIDATION AND SUBSIDIARIES.

\* Investment in subsidiaries

	2012	2011
Unlisted shares, at cost	<b>11,090,335,715</b>	10,804,430,516
Loans to subsidiaries	<b>2,136,550,000</b>	2,140,700,000
Financial guarantees to subsidiaries	<b>235,312,345</b>	—
	<b>13,462,198,060</b>	12,945,130,516
Impairment of investments	<b>(480,403,330)</b>	(480,403,330)
	<b>12,981,794,730</b>	12,464,727,186

The amounts due from subsidiaries of RMB5,578,621,862 (2011: RMB5,529,910,176) were included in the Company's current assets. Except for the loans due from subsidiaries of RMB3,442,071,862 (2011: RMB3,389,210,176) which bore interest rates ranging from nil to 10% (2011: nil to 10%), other amounts due from subsidiaries were unsecured, interest-free and have no fixed terms of repayment.

The amounts due to subsidiaries included in the Company's current liabilities of RMB461,561,443 (2011: RMB257,445,616) were unsecured, interest-free and were repayable on demand or within one year.

The financial guarantees offered by the Company to some of its subsidiaries will expire in 2 to 17 years.

The amounts advanced to subsidiaries included in the investment in subsidiaries were unsecured, interest-free and have no fixed terms of repayment.

#### 3 ASSOCIATES AND JOINT VENTURES

Information about associates and joint ventures is disclosed in Note V 10.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 4. OTHER RELATED PARTIES OF THE COMPANY

Name of entity	Relationship between the related parties and the Company	Organisation code
Fujian Xinhuaadu	A former subsidiary of a shareholder of the Company	70536011-0
Xinjiang Nonferrous (Group) Metal Company Limited ("Xinjiang Nonferrous Metal")	A non-controlling shareholder of Xinjiang Ashele	73446875-3
Xinjiang Nonferrous Logistics Company Limited ("Xinjiang Logistics")	A non-controlling shareholder of Xinjiang Ashele	73446875-3
Sichuan Bureau of Geological Exploration and Exploration of Mineral Resources ("Sichuan Geology")	A non-controlling shareholder of Sichuan Ganzi Zijin Company Limited ("Ganzi Zijin")	45072463-9
Fujian Shanghang Hongyang Mining Engineering Company Limited ("Hongyang Mining")	A non-controlling shareholder of Guizhou Zijin/Hunchun Zijin	70532775-9
Fujian Longxiang Electricity Group ("Longxiang Group")	A non-controlling shareholder of Shanghang Jinshan Hydro Power Company Limited ("Shanghang Jinshan Hydro Power")	72644183-3
Chongli Finance Bureau State-owned Assets Management Center	A non-controlling shareholder of Chongli Zijin	N/A
Jilin The Sixth Geological Survey	A non-controlling shareholder of Hunchun Zijin	605390056
Tongling Jinchan	A non-controlling shareholder of Tongling Zijin Mining Company Limited ("Tongling Zijin")	748938437
Xiamen Mine Communication Technology Company Limited ("Xiamen Mine Communication Tech")	The Company on which the related individual places significant impact	76172376-4
Longxing International	A non-controlling shareholder of Heilongjiang Longxing	772632200

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 5. RELATED PARTY TRANSACTIONS

##### (A) Sales and purchases of products, rendering and receipt of services

Sales of products/rendering of services

	Nature of transaction	2012		2011	
		Amount	Proportion (%)	Amount	Proportion (%)
Tibet Yulong (Note 1)	Provision of construction service	—	—	3,613,483	0.01
Haixia Technology (Note 1)	Provision of design service	—	—	100,600	—
Shandong Guoda (Note 1)	Sales of gold and copper concentrates	<b>295,412,216</b>	<b>0.61</b>	356,429,671	0.90
Wengfu Zijin (Note 1)	Sales of vitriol / provision of design service	<b>33,034,865</b>	<b>0.07</b>	—	—
		<b>328,447,081</b>	<b>0.68</b>	360,143,754	0.91



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

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

##### (A) Sales and purchases of products, rendering and receipt of services *(continued)*

Purchase of products/receipt of services

Nature of transaction	2012		2011	
	Amount	Proportion (%)	Amount	Proportion (%)
Jilin The Sixth Geological Survey (Note 1)	1,175,268	—	1,182,971	—
Wancheng Commercial (Note 1)	351,480,078	0.97	430,161,384	1.56
Fujian Xinhuaadu (Note 1)*	292,697,987	0.80	198,919,468	0.72
Haixia Technology (Note 1)	23,629,871	0.06	25,568,785	0.09
Xinjiang Nonferrous Metal (Note 1)	—	—	3,471,946	0.01
Xinjiang Logistics (Note 1)	3,563,419	0.01	3,975,514	0.01
Sichuan Geology (Note 1)	530,000	—	2,553,500	0.01
Xiamen Mine Communication Tech (Note 1)	6,198,001	0.02	10,188,337	0.04
Xiamen Zijin Zhonghang (Note 1)	15,672,775	0.04	—	—
	<b>694,947,399</b>	<b>1.90</b>	676,021,905	2.44

Note 1: Transactions, such as purchasing of assets and raw materials, rendering and receiving of services and selling of products against subsidiaries of the shareholders of the Company, associates, joint-ventures, non-controlling shareholders of subsidiaries and companies of related personnel who would place significant impact on the Company, were made at market prices and settled under similar conditions offered to third parties.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

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

##### (B) Acquisition of equity interest from related party

2011

Related party	Nature of transaction	2011
Minxi Xinghang*	Acquisition of 46.5% equity interest in Jinyi Copper*	93,500,000

Note: According to the equity transfer agreement entered into between the Company and Minxi Xinghang on 17 May 2011, the Company acquired a 46.5% equity interest in Jinyi Copper at a market price of RMB93,500,000 from Minxi Xinghang.

##### (C) Related party guarantees

(1) Related party guarantees for bank loans of the Group

Related party guarantee for a bank loan of the Group in 2012:

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Longxing International	Heilongjiang Longxing	USD23,100,000	29 December 2011	29 December 2020	No

Note: As at 31 December 2012, Heilongjiang Longxing, a subsidiary of the Company, held a loan of USD77,000,000 from the Import-Export Bank of China, of which USD23,100,000 was guaranteed free of charge by Longxing International, a non-controlling shareholder of Heilongjiang Longxing.

Related party guarantee for a bank loan of the Group in 2011:

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Longxing International	Heilongjiang Longxing	USD23,100,000	29 December 2011	29 December 2018	No

Note: As at 31 December 2011, Heilongjiang Longxing, a subsidiary of the Company, held a loan of USD25,200,000 from the Import-Export Bank of China, of which USD23,100,000 was guaranteed free of charge by Longxing International, a non-controlling shareholder of Heilongjiang Longxing.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

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

##### (C) Related party guarantees *(continued)*

(2) The Group guarantees of bank loans of related parties

#### 2012

Guarantor	Guaranteed party	Guaranteed wamount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Fujian Zijin Investment Company Limited ("Zijin Investment")	Tingjiang Hydro Power (Note VII 2)	20,000,000	31 January 2005	30 January 2014	No
The Company	Wengfu Zijin (Note VII 3)	396,000,000	28 April 2011	27 April 2021	No
Zijin Mining Group Northwest Company Limited ("Northwest Company")	Xinjiang Tianlong (Note VII 4)	82,000,000	31 October 2011	3 November 2015	No
Xinjiang Ashele	Wuxin Copper (Note VII 5)	34,000,000	17 January 2012	17 January 2016	No
		<b>532,000,000</b>			

#### 2011

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Zijin Investment	Tingjiang Hydro Power (Note VII 2)	30,000,000	31 January 2005	30 January 2014	No
The Company	Wengfu Zijin (Note VII 3)	204,000,000	28 April 2011	27 April 2019	No
Northwest Company	Xinjiang Tianlong (Note VII 4)	30,000,000	31 October 2011	31 October 2013	No
The Company	Zijin Tongguan (Note VII 6)	108,000,000	29 June 2007	28 June 2017	No
		<b>372,000,000</b>			

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

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

##### (D) Borrowings to related parties

2012

Related party	Note	Amount of borrowings	Inception date	Maturity date	Annual interest rate
Tingjiang Hydro Power	Note 1	12,000,000	12 November 2010	11 November 2013	5.60%
Tingjiang Hydro Power	Note 1	7,000,000	31 August 2011	30 August 2014	6.98%
Tingjiang Hydro Power	Note 1	7,350,000	3 September 2012	2 March 2013	5.88%
Tingjiang Hydro Power	Note 1	3,000,000	6 November 2012	5 November 2013	6.30%
Tingjiang Hydro Power	Note 1	9,800,000	29 November 2012	28 November 2013	6.30%
Zijin Tongguan	Note V 6 note 3	9,000,000	13 April 2012	12 April 2013	—
Zijin Tongguan	Note V 6 note 3	109,350,000	20 June 2012	19 June 2013	—
Xiamen Zijin Zhonghang	Note 2	18,500,000	8 May 2012	31 December 2015	—
Xiamen Zijin Zhonghang	Note 2	12,500,000	17 August 2012	31 December 2015	—
Xiamen Zijin Zhonghang	Note 2	29,185,800	16 November 2012	31 December 2015	—
Gold Eagle Mining	Note 3	142,555,140	11 July 2012	30 June 2015	Libor+260b.p.
		<b>360,240,940</b>			

2011

Related party	Note	Amount of borrowings	Inception date	Maturity date	Annual interest rate
Tingjiang Hydro Power	Note 1	20,000,000	12 November 2010	11 November 2013	5.60%
Tingjiang Hydro Power	Note 1	10,000,000	31 August 2011	30 August 2014	6.98%
		30,000,000			



# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

## VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

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

#### (D) Borrowings to related parties *(continued)*

Note 1: In 2010 and 2011, Finance Company, a subsidiary of the Company, provided loans of RMB20,000,000 and RMB10,000,000 to Tingjiang Hydro Power, an associate of the Company, respectively, and these loans are without pledge. In the current year, Tingjiang Hydro Power repaid RMB11,000,000 of the loan in advance of the maturity date. The Finance Company further provided un-pledged loans with an aggregated amount of RMB20,150,000 to Tingjiang Hydro Power in 2012.

Note 2: Zijin Real Estate, a subsidiary of the Group, and Xiamen Zijin Zhonghang entered into an agreement in the current year. Pursuant to the agreement, Zijin Real Estate provided an unsecured loan of RMB60,158,800 to Xiamen Zijin Zhonghang.

Note 3: Thrive Build Investments Limited ("Thrive Build"), a subsidiary of the Group, and Gold Eagle Mining entered into an agreement in the current year. Pursuant to the agreement, Thrive Building provided an unsecured loan of USD22,680,000 (equivalent to RMB142,555,140), to Gold Eagle Mining with an interest rate of the one-year London Interbank Offered Rate plus 260 basis points.

#### (E) Other related party transactions

##### (1) Compensation of key management and directors' remuneration

	2012		2011	
	Amount	Proportion (%)	Amount	Proportion (%)
Directors' remuneration	27,011,225	1.39	34,633,871	2.31
Compensation of key management	19,228,755	0.99	23,365,759	1.56
	46,239,980	2.38	57,999,630	3.87

Details of directors' remuneration are disclosed in Note X 7.

##### (2) Commitment between the Group and related parties

Pursuant to the equity transfer agreement dated 28 December 2012 entered into between Zijin Investment, a subsidiary of the Company, and Longxiang Group, Zijin Investment would acquire a 45% equity interest in Shanghang Jinshan Hydro Power held by Longxiang Group at a consideration of RMB189,800,000 which would be paid by installment. As at 31 December 2012, the equity transfer procedures had not yet started.

\* The related party transaction above was defined as connected transaction or continuing connected transaction under Chapter 14A of Hong Kong Listing Rules.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 6. AMOUNTS DUE FROM RELATED PARTIES

<b>Trade receivables</b>	<b>2012</b>	2011
Tibet Yulong	<b>2,306</b>	28,406
Haixia Technology	—	10,060
Shandong Guoda	—	1,722,937
Wengfu Zijin	<b>2,070,848</b>	—
	<b>2,073,154</b>	1,761,403
<b>Prepayments</b>		
Fujian Xinhuaadu	<b>2,599,717</b>	767,888
Xiamen Zijin Zhonghang	<b>23,430,925</b>	—
Wancheng Commercial	<b>9,095,999</b>	203,032,907
Xiamen Mine Communication Tech	<b>51,250</b>	3,278,364
	<b>35,177,891</b>	207,079,159
<b>Other receivables</b>		
Chongli Finance Bureau State-owned Assets Management Center	<b>60,120,000</b>	30,082,674
Sichuan Geology	<b>2,000,000</b>	2,000,000
Wancheng Commercial	<b>1,706</b>	106,516
Tingjiang Hydro Power	<b>34,517,750</b>	—
Longxiang Group	<b>7,621,007</b>	31,490,333
Zijin Tongguan	<b>118,353,084</b>	—
	<b>222,613,547</b>	63,679,523
<b>Other non-current assets</b>		
Tibet Yulong	<b>132,000,000</b>	132,000,000
Tingjiang Hydro Power	<b>7,000,000</b>	30,000,000
Qinghai Copper	<b>192,000,000</b>	—
Gold Eagle Mining	<b>144,995,636</b>	—
Xiamen Zijin Zhonghang	<b>60,185,800</b>	—
	<b>536,181,436</b>	162,000,000



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### 7. AMOUNTS DUE TO RELATED PARTIES

<b>Trade payables</b>	<b>2012</b>	2011
Fujian Xinhuaadu	<b>11,470,248</b>	5,872,276
Haixia Technology	<b>2,021,754</b>	672,495
Xiamen Mine Communication Tech	<b>1,071,937</b>	68,259
	<b>14,563,939</b>	6,613,030
<b>Advances from customers</b>		
Shandong Guoda	<b>1,840,701</b>	748,248
<b>Dividends payable</b>		
Tongling Jinchan	—	17,841,100
<b>Other payables</b>		
Sichuan Geology	<b>439,565</b>	—
Hongyang Mining	<b>11,425,701</b>	7,792,158
Zijin Tongguan	<b>79,927</b>	—
Fujian Xinhuaadu	<b>16,727,276</b>	18,377,522
Xiamen Mine Communication Tech	<b>980,124</b>	1,586,116
	<b>29,652,593</b>	27,755,796

Except for amounts due from Tingjiang Hydro Power, Zijin Tongguan, Xiamen Zijin Zhonghang and Gold Eagle Mining which were interest-bearing and had a fixed term of repayment, other amounts due from/to related parties were interest-free, unsecured and had no fixed terms of repayment.

There were no borrowings provided to the directors as at 31 December 2012.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### VII. CONTINGENCIES

	2012	2011
Contingent liabilities arising from providing guarantees to third parties		
Tingjiang Hydro Power (Note 2)	20,000,000	30,000,000
Wengfu Zijin (Note 3)	396,000,000	204,000,000
Xinjiang Tianlong (Note 4)	82,000,000	30,000,000
Wuxin Copper (Note 5)	34,000,000	—
Zijin Tongguan (Note 6)	—	108,000,000
Mortgage guarantee of small property owners (Note 7)	215,005,000	106,247,782
Subtotal	747,005,000	478,247,782
Contingencies arising from pending litigation (Note 1)	52,284,733	416,553,960
Total	799,289,733	894,801,742

Note 1: On 21 September 2010, the collapse of the tailing dam of Yinyan Tin Mining Xinyi Zijin in Guangdong Province, a wholly-owned subsidiary of the Company, which was caused by the severe typhoon No. 11 "Fanapi", resulting in property losses and casualties in Xinyi City ("Xinyi Dam Collapse Accident"). Later, the Company, Xinyi Zijin and Xinyi Baoyuan were sued in succession by the Xinyi Municipal Government, victims and entities affected by the Accident, with the total claimed compensation of RMB427,742,193.

As at 31 December 2012, a compensation of RMB12,674,539 for casualties was paid off.

On 12 September 2012, Xinyi Municipal Government and the Government of Qianpai Town, Xinyi City, reached an agreement with Xinyi Zijin on behalf of the victims. All property losses within the jurisdiction of Xinyi City caused by the 9.21 Dam Collapse Accident (except for the claims from the nine hydro power stations, including Shihuadi Hydro Power Station, and one water supply plant) shall be settled with an one-off compensation of RMB245,000,000 paid by Xinyi Zijin. The prosecutors then withdrew the lawsuits. As at 31 December 2012, Xinyi Zijin has paid off the compensation of RMB245,000,000.

As at 31 December 2012, nine hydro power stations including that from Shihuadi and one water supply plant claimed compensation for property losses of RMB52,284,733 to Xinyi Zijin. Currently, the related litigation is still in progress. In respect of the opinions of the legal advisors, the Group is still in the process of estimating the compensation amount due to the complexity of the legal cases.

Note 2: As at 31 December 2012, Zijin Investment, a subsidiary of the Company, granted to Tingjiang Hydro Power, an associate of the Company, joint guarantees in respect of bank loans at a cap of RMB50,000,000 (2011: RMB50,000,000). As at 31 December 2012, Tingjiang Hydro Power had utilised the guarantee facility of RMB20,000,000 (2011: RMB30,000,000).

Note 3: As at 31 December 2012, the Company granted to Wengfu Zijin, an associate of the Company, joint guarantees in respect of bank loans at a cap of RMB450,000,000 (2011: RMB450,000,000). As at 31 December 2012, Wengfu Zijin had utilised the guarantee facility of RMB396,000,000 (2011: RMB204,000,000).

Note 4: As at 31 December 2012, Northwest Company, a subsidiary of the Company, granted to Xinjiang Tianlong, an associate of the Company, joint guarantees in respect of bank loans at a cap of RMB120,000,000 (2011: RMB60,000,000). As at 31 December 2012, Xinjiang Tianlong had utilised the guarantee facility of RMB82,000,000 (2011: RMB30,000,000).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### VII. CONTINGENCIES *(continued)*

Note 5: As at 31 December 2012, Xinjiang Ashele, a subsidiary of the Company, granted to Wuxin Copper, an associate of the Group, joint guarantees in respect of bank loans at a cap of RMB34,000,000. (2011: Nil). As at 31 December 2012, Wuxin Copper had utilised the guarantee facility of RMB34,000,000 (2011: Nil).

Note 6: As at 31 December 2011, the Company granted to Zijin Tongguan, an associate of the Company, joint guarantees in respect of bank loans at a cap of RMB297,000,000. As at 31 December 2011, Zijin Tongguan had utilised the guarantee facility of RMB108,000,000. Zijin Tongguan had repaid the bank loans during the year.

Note 7: As at 31 December 2012, Zijin Real Estate, a subsidiary of the Company, granted a small property owners mortgage pledge to the buyers in respect of their mortgages amounting to RMB215,005,000 (2011: RMB106,247,782).

Based on the evaluation of the credit rating and repayment ability, the Group considered that the probability that recipients of the guarantees could not repay the liabilities and settle the obligations was remote, and it was unnecessary to accrue the related contingent liabilities.

### VIII. COMMITMENTS

		2012	2011
Capital commitments			
Contracted, but not provided	Note 1	<b>2,053,863,957</b>	1,961,331,442
Authorised, but not contracted for	Note 2	<b>1,198,262,269</b>	1,513,892,487
		<b>3,252,126,226</b>	3,475,223,929
Investment commitments			
Contracted, but not provided	Notes 3,4,5,6	<b>239,800,000</b>	1,507,373,728
Authorised, but not contracted for	Note 7,8	<b>10,000,000</b>	99,000,000
		<b>249,800,000</b>	1,606,373,728

Note 1: As at 31 December 2012, the capital commitment related to the acquisition and construction of property, plant, machinery and equipment, and mining assets was RMB2,053,863,957 (2011: RMB1,961,331,442).

Note 2: As at 31 December 2012, the capital commitment related to the acquisition and construction of property, plant, machinery and equipment, and mining assets was RMB1,198,262,269 (2011: RMB1,513,892,487).

Note 3: Pursuant to a Share Transfer Agreement entered into among Longxiang Group and Zijin Investment, a subsidiary of the Company, Zijin Investment would acquire a 45% equity interest in Shanghang Jinshan Hydro Power at a consideration of RMB189,800,000 which would be paid by instalment. As at 31 December 2012, the transfer of equity interest had not yet been started, thus the consideration had not been provided.

Note 4: Pursuant to a resolution of board meetings in 2012, the Company decided to establish Gansu Zijin, a wholly-owned subsidiary with registered capital of RMB50,000,000. As at 31 December 2012, procedures for establishment had not yet been started, thus the investment fund had not been provided.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### VIII. COMMITMENTS *(continued)*

Note 5: Pursuant to a Share Transfer Agreement entered into among Jinchuan Group (Hong Kong) Resource Holding Company Limited, Jinchuan Group Company Limited and Thrive Build on 7 November 2011, a subsidiary of the Company, Thrive Build would acquire a 45% equity interest in Gold Eagle Mining from Jinchuan Group (Hong Kong) Resource Holding Company Limited at a consideration of USD227,566,495 (approximately RMB1,433,873,728). After the acquisition, Thrive Build would hold a 45% equity interest in Gold Eagle Mining. As at 31 December 2011, the transfer of equity interest was still in progress, and the acquisition fund had not yet been provided. During this year, the acquisition was completed. Details are disclosed in Note V.11 note 2.

Note 6: Pursuant to Framework Agreement entered into among the Company, Mr. Liu Zhendong and Mr. Pan Jianyun, individual shareholders of Longsheng Dexin on 17 December 2011, the Company acquired a 51% equity interest in Longsheng Dexin at a consideration of RMB53,550,000 by capital increment. Funing Zhenglong, a subsidiary of the Company, acquired a 19% equity interest in Longsheng Dexin at a consideration of RMB19,950,000 by capital increment. As at 31 December 2011, the transfer of equity interest was still in progress, the acquisition fund had not yet been provided. During this year, the acquisition was completed. Details are disclosed in Note IV.4(ii).

Note 7: Pursuant to the resolution of the 4th Meeting of the Investment Committee which is affiliated to the Board, Guizhou Zijin would be one of the establishers of Zhenfeng Rural Commercial Bank and account for 10% equity interest at an investment cost of RMB10,000,000. As at 31 December 2012, the acquisition fund had not been provided.

Note 8: Pursuant to an Extraordinary Resolution at the Shareholders' General Meeting dated 12 December 2011, the Company decided to acquire a further 15% equity interest in Gansu Yate from Jinhui Alcohol at a consideration of RMB99,000,000. After the acquisition, equity interest in Gansu Yate held by the Company would increase from 60% to 75%. During this year, the acquisition was completed.

### IX. POST BALANCE SHEET EVENTS

On 27 March 2013, the proposed final dividends for the year 2012 were approved at the meeting of the board of directors. Using 21,811,963,650 capital shares as a basis as at 31 December 2012, the Company proposed to distribute a cash dividend of RMB1 (including tax) for every 10 shares to all shareholders, totaling approximately RMB2,181,196,365. The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting for the year 2012.



# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

## X. OTHER SIGNIFICANT EVENTS

### 1. BUSINESS COMBINATIONS

More details are disclosed in Note IV 4.

### 2. LEASING

#### As lessor

As at 31 December 2012, irrevocable operating lease contracts entered into by the Group are as follows:

	2012	2011
Within 1 year	4,636,479	4,589,804
Over 1 year but within 2 years	4,565,369	4,565,519
Over 2 years but within 3 years	4,563,719	4,565,219
Over 3 years but within 5 years	1,237,467	5,801,185
Over 5 years	—	—
	<b>15,003,034</b>	19,521,727

The assets for operating leases above are accounted for as investment properties of the Group.

\* The operating lease income included in profit or loss in 2012 was RMB4,563,719 (2011: RMB4,591,514).

#### As lessee

Significant operating lease: pursuant to the operating lease agreement with lessors, the minimum lease payments under irrevocable operating leases fall due as follows:

	2012	2011
Within 1 year	2,689,387	2,546,098
Over 1 year but within 2 years	1,591,680	2,122,551
Over 2 years but within 3 years	1,200,000	1,200,000
Over 3 years but within 5 years	—	1,200,000
Over 5 years	—	—
	<b>5,481,067</b>	7,068,649

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 3. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

##### 2012

Item	At 1 January 2012	Profit/(loss) arising from changes in fair value for the year	Changes in fair value recognised in equity	Provision for impairment losses for the year	At 31 December 2012
Financial assets					
Financial assets at fair value through profit or loss (excluding derivative financial assets)	177,456,835	(9,097,653)	—	—	529,899,154
Derivative financial assets	86,572,168	131,795,231	—	—	141,044,111
Available-for-sale investments	938,012,473	—	(30,999,543)	(113,975,059)	576,013,498
	1,202,041,476	122,697,578	(30,999,543)	(113,975,059)	1,246,956,763

Item	At 1 January 2012	Profit/(loss) arising from changes in fair value for the year	Changes in fair value recognised in equity	Provision for impairment losses for the year	At 31 December 2012
Financial liabilities					
Financial liabilities at fair value through profit or loss (excluding derivative financial liabilities)	3,812,933,000	(178,555,092)	—	—	6,397,563,828
Derivative financial liabilities	192,715,200	68,843,660	—	—	123,871,541
	4,005,648,200	(109,711,432)	—	—	6,521,435,369



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 3. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE *(continued)*

2011

Item	At 1 January 2011	Profit/(loss) arising from changes in fair value for the year	Changes in fair value recognised in equity	Provision for impairment losses for the year	At 31 December 2011
Financial assets					
Financial assets at fair value through profit or loss (excluding derivative financial assets)	115,529,143	(62,567,127)	—	—	177,456,835
Derivative financial assets	272,855,240	(658,054)	—	—	86,572,168
Available-for-sale investments	2,058,973,823	—	(391,527,787)	—	938,012,473
	2,447,358,206	(63,225,181)	(391,527,787)	—	1,202,041,476

Item	At 1 January 2011	Profit/(loss) arising from changes in fair value for the year	Changes in fair value recognised in equity	Provision for impairment losses for the year	At 31 December 2011
Financial liabilities					
Financial liabilities at fair value through profit or loss (excluding derivative financial liabilities)	—	198,809,739	—	—	3,812,933,000
Derivative financial liabilities	2,321,910	(192,715,200)	—	—	192,715,200
	2,321,910	6,094,539	—	—	4,005,648,200

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

**2012**

Item	At 1 January 2012	Profit/(loss) arising from changes in fair value for the year	Changes in fair value recognised in equity	Provision for impairment losses for the year	At 31 December 2012
Financial assets					
Financial assets at fair value through profit or loss (excluding derivative financial assets)	128,814,278	(14,811,826)	—	—	470,482,072
Derivative financial assets	64,831,274	139,115,770	—	—	140,621,383
Loans and receivables	1,103,621,283	—	—	—	2,293,894,339
Available-for-sale investments	938,012,473	—	(30,999,543)	(113,975,059)	576,013,498
	<b>2,235,279,308</b>	<b>124,303,944</b>	<b>(30,999,543)</b>	<b>(113,975,059)</b>	<b>3,481,011,292</b>
Financial liabilities					
Derivative financial liabilities	192,715,200	(107,842,468)	—	—	84,872,733
Bonds payable	2,987,514,948	—	—	—	2,987,766,076
Borrowings and payables	2,499,833,131	—	—	—	9,666,910,900
	<b>5,680,063,279</b>	<b>(107,842,468)</b>	<b>—</b>	<b>—</b>	<b>12,739,549,709</b>



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES DENOMINATED IN FOREIGN CURRENCIES *(continued)*

2011

Item	At 1 January 2011	Profit/(loss) arising from changes in fair value for the year	Changes in fair value recognised in equity	Provision for impairment losses for the year	At 31 December 2011
Financial assets					
Financial assets at fair value through profit or loss (excluding derivative financial assets)	87,740,735	(59,065,492)	—	—	128,814,278
Derivative financial assets	—	(22,398,948)	—	—	64,831,274
Loans and receivables	605,965,098	—	—	—	1,103,621,283
Available-for-sale investments	2,058,973,823	—	(391,527,787)	—	938,012,473
	2,752,679,656	(81,464,440)	(391,527,787)	—	2,235,279,308
Financial liabilities					
Derivative financial liabilities	—	(192,715,200)	—	—	192,715,200
Bonds payable	—	—	—	—	2,987,514,948
Borrowings and payables	1,814,193,810	—	—	—	2,499,833,131
	1,814,193,810	(192,715,200)	—	—	5,680,063,279

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 5. OPERATING SEGMENT INFORMATION

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

- (1) the gold bullion segment engages in the production of gold bullion through the Group's integrated processes, i.e., mining, processing and refining;
- (2) the processed, refinery and trading gold segment engages in the production of gold bullion by processing gold concentrates produced by the Group or purchased from external suppliers and in the physical gold trading business;
- (3) the gold concentrates segment engages in the production of gold concentrates by processing gold ore produced by the Group;
- (4) the copper cathodes segment engages in the production of copper cathodes through the Group's integrated processes, i.e., mining, processing and refining;
- (5) the refinery copper segment engages in the production of copper cathodes by processing copper concentrates produced by the Group or purchased from external suppliers;
- (6) the copper concentrates segment engages in the production of copper concentrates by processing copper ore produced by the Group;
- (7) other concentrates segment comprises, principally, the production of zinc concentrates, tungsten concentrates, lead concentrates and iron concentrates;
- (8) the zinc bullion segment engages in the production of zinc bullion;
- (9) segment of others comprises, principally, the production of vitriol, copperplate, silver and iron, etc.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's operating profit before tax except that interest income, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses being excluded from this measurement. This indicator is consistent with the Group's total operating profit.

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

Segment liabilities exclude held-for-trading financial liabilities, derivative financial investments, interest-bearing bank and other borrowings, loans from ultimate controlling entities, deferred tax liabilities, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 5. OPERATING SEGMENT INFORMATION *(continued)*

2012

Items	Processed, refinery and trading gold										Eliminations	Consolidated	
	Gold bullion	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others					
Segment revenue:													
Sales to external customers	7,036,036,225	19,202,793,317	2,515,596,431	147,914,973	5,087,480,380	3,598,952,990	2,266,422,403	1,996,915,340	6,562,607,147	—	—	—	48,414,719,206
Intersegment sales	275,777,554	492,007,715	1,014,129,192	98,197,176	267,501,394	630,847,010	222,652,986	—	1,709,832,354	(4,710,945,381)	—	—	—
Total	7,311,813,779	19,694,801,032	3,529,725,623	246,112,149	5,354,981,774	4,229,800,000	2,489,075,389	1,996,915,340	8,272,439,501	(4,710,945,381)	—	—	48,414,719,206
Segment profit/(loss) <sup>†</sup>	4,771,272,771	590,817,384	839,904,434	15,942,569	36,038,032	2,048,950,108	1,111,963,321	(15,676,540)	(61,728,514)	—	—	—	9,337,483,565
Interest and dividend income													162,304,274
Unallocated expenses													(54,697,373)
Finance costs													(889,031,149)
Segment profit before tax													8,556,059,317
Assets and liabilities													
Segment assets:	7,196,836,713	2,401,334,558	2,103,100,459	2,690,891,490	9,469,717,495	7,500,928,296	8,440,127,745	3,197,198,244	13,943,161,969				56,943,296,969
Unallocated assets													10,411,124,072
Total assets													67,354,421,041
Segment liabilities:	2,125,425,737	929,182,999	1,445,895,409	1,734,831,510	5,782,807,567	1,501,619,207	4,644,255,821	2,355,514,098	2,977,435,317				23,496,967,665
Unallocated liabilities													10,274,487,637
Total liabilities													33,771,455,302

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 5. OPERATING SEGMENT INFORMATION *(continued)*

2012 *(continued)*

Items	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Consolidated
Other segment information:											
Share of profits or losses of:											
Associates	—	—	(11,700,124)	(1,918,134)	—	8,200,222	171,121,234	—	73,285,182	—	238,988,380
Joint ventures	—	19,003,944	—	—	—	—	—	—	(15,477,432)	—	3,526,512
Impairment losses recognised in the income statement	3,263,368	13,218,156	—	—	29,685,864	2,639,574	—	2,265,501	235,377,672	—	286,450,135
Impairment losses reversed in the income statement	—	—	(15,707,861)	—	—	—	—	—	(22,202)	—	(15,730,063)
Unallocated non-cash income	248,675,894	197,102,314	129,262,752	50,839,160	113,983,150	219,515,093	232,526,587	156,437,498	333,675,484	—	1,682,017,932
Depreciation and amortisation	—	—	42,142,585	395,307,828	—	499,494,258	360,039,953	—	1,300,727,436	—	2,597,712,060
Investments in associates	—	166,036,636	—	—	—	—	—	—	1,339,409,190	—	1,505,445,826
Investments in joint ventures	1,756,060,728	785,445,340	230,261,231	1,612,173,891	1,282,788,301	988,428,669	1,204,264,007	494,519,041	2,724,152,344	—	11,078,093,552
Capital expenditure											
Unallocated capital expenditure											16,006,535



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 5. OPERATING SEGMENT INFORMATION *(continued)*

2011

Items	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Consolidated
Segment revenue:											
Sales to external customers	6,806,507,465	18,925,400,926	1,666,648,122	162,273,981	131,641,897	4,043,609,779	2,186,677,761	2,705,759,901	3,135,395,609	—	39,763,915,441
Intersegment sales	37,670,916	160,113,576	600,192,944	70,655,722	—	21,936,290	223,916,701	—	1,200,984,641	(2,315,470,790)	—
Total	6,844,178,381	19,085,514,502	2,266,841,066	232,929,703	131,641,897	4,065,546,069	2,410,594,462	2,705,759,901	4,336,380,250	(2,315,470,790)	39,763,915,441
Segment profit/(loss) <sup>†</sup>	4,838,666,710	433,180,962	851,500,837	17,774,516	13,186,456	2,574,373,237	1,037,191,714	(26,921,502)	219,522,894	—	9,958,475,824
Interest and dividend income											179,397,278
Unallocated expenses											(279,474,591)
Finance costs											(582,096,822)
Segment profit before tax											9,276,301,689
Assets and liabilities											
Segment assets:	6,286,740,331	1,996,095,386	1,830,144,829	2,117,598,895	5,894,408,804	5,856,340,218	5,575,764,205	3,144,894,281	11,801,802,011		44,503,788,960
Unallocated assets											7,816,410,372
Total assets											52,320,199,332
Segment liabilities:	1,001,053,452	922,432,455	873,107,272	1,537,401,299	3,680,552,982	755,868,465	2,107,694,693	2,270,203,969	2,117,224,671		15,265,539,258
Unallocated liabilities											6,921,983,117
Total liabilities											22,187,522,375

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## X. OTHER SIGNIFICANT EVENTS *(continued)*

### 5. OPERATING SEGMENT INFORMATION *(continued)*

2011 *(continued)*

Items	Gold bullion	Processed, refinery and trading gold	Gold concentrates	Copper cathodes	Refinery copper	Copper concentrates	Other concentrates	Zinc bullion	Others	Eliminations	Consolidated
Other segment information:											
Share of profits or losses of:											
Associates	—	—	—	(20,438,389)	—	(34,381,511)	186,724,366	—	52,623,770	—	184,528,236
Joint ventures	—	20,725,132	—	—	—	—	—	—	—	—	20,725,132
Impairment losses recognised in the income statement	3,835,830	16,857,701	3,853,095	—	—	138,305	44,319,632	25,924,875	107,960,072	—	202,889,510
Impairment losses reversed in the income statement	—	—	—	—	—	(11,216)	—	—	—	—	(11,216)
Unallocated non-cash losses	—	—	—	—	—	—	—	—	—	—	(57,130,642)
Depreciation and amortisation	343,089,677	83,168,521	169,798,691	9,014,624	2,904,118	169,250,018	239,441,612	110,097,356	167,420,422	—	1,294,185,039
Investments in associates	—	—	—	397,225,963	—	491,294,035	315,225,355	—	1,309,871,152	—	2,513,616,505
Investments in joint ventures	—	240,822,342	—	—	—	—	—	—	145,000,000	—	385,822,342
Capital expenditure	2,964,485,405	639,673,570	596,946,933	1,269,283,138	1,358,211,167	873,525,955	1,112,943,585	231,853,689	892,854,698	—	9,939,778,140
Unallocated capital expenditure	—	—	—	—	—	—	—	—	—	—	59,651,276

# Segment profit/loss, which excluded intersegment transaction revenue/cost, is operating profit/loss from external customers.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 5. OPERATING SEGMENT INFORMATION *(continued)*

##### **Geographical information**

Over 97% (2011: 99%) of the Group's revenue was derived from customers based in Mainland China, and over 78% (2011: 89%) of the Group's assets were located in Mainland China.

##### **Information about a major customer**

Revenue of approximately RMB23,456,655,918 (2011: RMB23,127,620,412) was derived from sales of the gold bullion segment and the processed, refinery and trading gold segment to the Shanghai Gold Exchange.

#### 6. FINANCIAL INSTRUMENTS AND RISKS

The Group's principal financial instruments, other than derivative financial instruments, included interest-bearing bank deposits, other interest-bearing borrowings, bonds payable and cash and cash equivalents, etc. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations.

The Group's principal derivative financial instruments mainly included forward contracts with the purpose of market risk management. Given the variance between actual metal prices in the active market and estimated target prices, the management will set maximum exposure positions of forward contracts to manage the market risk of the derivative financial instruments. The Group's principal risks of financial instruments resulted from credit risk, liquidity risk, and market risk.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### Classification of financial instruments

The carrying amounts of each category of financial instruments as at the end of balance sheet date are as follows:

**2012**

##### Financial assets

	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Total
Cash and cash equivalents	—	7,256,387,531	—	7,256,387,531
Held-for-trading financial assets	670,943,265	—	—	670,943,265
Bills receivable	—	575,499,815	—	575,499,815
Trade receivables	—	841,494,264	—	841,494,264
Other receivables	—	1,465,737,613	—	1,465,737,613
Other current assets	—	439,898,616	—	439,898,616
Available-for-sale investments	—	—	576,013,498	576,013,498
Other non-current assets	—	244,947,981	—	244,947,981
	670,943,265	10,823,965,820	576,013,498	12,070,922,583

##### Financial liabilities

	Other financial liabilities
Short-term borrowings	6,399,851,000
Held-for-trading financial liabilities	6,521,435,369
Bills payable	313,152,032
Trade payables	4,174,006,563
Dividends payable	57,397,500
Other payables	1,932,191,718
Current portion of non-current liabilities	535,867,957
Long-term borrowings	6,654,629,747
Bonds payable	2,987,766,076
Long-term payables	86,645,510
	29,662,943,472



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### Classification of financial instruments *(continued)*

2011

##### Financial assets

	Financial assets at fair value through profit or loss	Loans and receivables	Available- for-sale financial assets	Total
Cash and cash equivalents	—	6,061,531,350	—	6,061,531,350
Held-for-trading financial assets	264,029,003	—	—	264,029,003
Bills receivable	—	574,697,737	—	574,697,737
Trade receivables	—	489,112,425	—	489,112,425
Other receivables	—	930,510,412	—	930,510,412
Other current assets	—	219,940,991	—	219,940,991
Available-for-sale investments	—	—	938,012,473	938,012,473
Other non-current assets	—	56,818,218	—	56,818,218
	264,029,003	8,332,611,133	938,012,473	9,534,652,609

##### Financial liabilities

	Other financial liabilities
Short-term borrowings	3,815,092,312
Held-for-trading financial liabilities	4,005,648,200
Trade payables	3,232,112,911
Dividends payable	23,125,841
Other payables	1,676,232,155
Current portion of non-current liabilities	216,444,590
Long-term borrowings	2,360,713,448
Bonds payable	2,987,514,948
Long-term payables	76,869,700
	18,393,754,105

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### **Credit risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debt is not significant. For those foreign transactions settled not using the reporting currency of related operating units, the Group provides no credit terms except the specific approvals provided by credit control departments of the Group.

The credit risk of the Group's other financial assets, which comprises cash and cash equivalents, available-for-sale investments, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the net book value of these instruments. The Group is also exposed to credit risk for providing financial guarantees. Detailed information is disclosed in Note VII.

Since the Group only trades with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed through customer/counterparty, geography and industry. As the trade receivables from customers of the Group were diverse in different departments and industries, there are no significant concentrations of credit risk in the Group.

Financial assets that were not impaired, individually or in the aggregate, were not past due.

As at 31 December 2012, trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there is no recent history of default.

##### **Liquidity risk**

Liquidity risk is the risk that the entity has difficulty in raising funds to meet commitments associated with financial liabilities.

The Group uses a circulation liquidity management planning tool to manage the liquidity risk. The planning tool considers the maturity of the financial instruments and expected cash flows generated from operation.

The Group aims to maintain the balance between duration and flexibility in funding by obtaining debentures, bank borrowings and other interest-bearing loans. The Group's policy is that no more than 90% of the borrowings should be past due within 12 months according to the net book value of the borrowings disclosed in the financial statements. As at 31 December 2012, 68% of the Group's borrowings (31 December 2011: 74%) would mature within 12 months.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### Liquidity risk *(continued)*

The table below summarises the maturity profile of the Group's financial assets and liabilities as at the end of the reporting periods based on the contractual undiscounted cash flows:

#### 2012

##### Financial assets

	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Total
Cash and cash equivalents	5,372,795,898	653,491,145	1,230,100,488	—	—	7,256,387,531
Held-for-trading financial assets	670,943,265	—	—	—	—	670,943,265
Bills receivable	—	575,499,815	—	—	—	575,499,815
Trade receivables	280,354,902	529,791,351	31,348,011	—	—	841,494,264
Other receivables	22,141,569	81,199,377	1,362,396,667	—	—	1,465,737,613
Other current assets	439,898,616	—	—	—	—	439,898,616
Available-for-sale investments	—	—	—	576,013,498	—	576,013,498
Other non-current assets	482,182	964,365	4,339,643	258,982,590	—	264,768,780
	6,786,616,432	1,840,946,053	2,628,184,809	834,996,088	—	12,090,743,382

##### Financial liabilities

	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Total
Short-term borrowings	592,084,425	1,640,631,419	4,313,055,382	—	—	6,545,771,226
Held-for-trading financial liabilities	—	—	6,521,435,369	—	—	6,521,435,369
Bills payable	—	313,152,032	—	—	—	313,152,032
Trade payables	1,061,375,656	1,988,027,796	1,124,603,111	—	—	4,174,006,563
Dividends payable	—	—	57,397,500	—	—	57,397,500
Other payables	1,327,566,465	42,989,686	561,635,567	—	—	1,932,191,718
Current portion of non-current liabilities	51,815,476	3,203,453	495,046,624	—	—	550,065,553
Long-term borrowings	28,018,400	56,036,800	252,165,600	5,829,998,901	2,378,028,636	8,544,248,337
Bonds payable	—	—	128,224,200	3,436,375,126	—	3,564,599,326
Long-term payables	494,220	988,440	4,447,978	91,623,060	43,113,500	140,667,198
	3,061,354,642	4,045,029,626	13,458,011,331	9,357,997,087	2,421,142,136	32,343,534,822

## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### X. OTHER SIGNIFICANT EVENTS (continued)

#### 6. FINANCIAL INSTRUMENTS AND RISKS (continued)

##### Liquidity risk (continued)

2011

##### Financial assets

	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Total
Cash and cash equivalents	2,954,107,120	1,836,584,328	1,270,839,902	—	—	6,061,531,350
Held-for-trading financial assets	264,029,003	—	—	—	—	264,029,003
Bills receivable	—	574,697,737	—	—	—	574,697,737
Trade receivables	187,259,001	288,203,503	13,649,921	—	—	489,112,425
Other receivables	46,643,546	382,487,551	501,379,315	—	—	930,510,412
Other current assets	219,940,991	—	—	—	—	219,940,991
Available-for-sale investments	—	—	—	938,012,473	—	938,012,473
Other non-current assets	—	—	1,823,232	58,945,993	—	60,769,225
	3,671,979,661	3,081,973,119	1,787,692,370	996,958,466	—	9,538,603,616

##### Financial liabilities

	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Total
Short-term borrowings	148,761,864	1,935,637,927	1,874,261,131	—	—	3,958,660,922
Held-for-trading financial liabilities	—	—	4,005,648,200	—	—	4,005,648,200
Trade payables	153,331,926	1,128,923,067	1,949,857,918	—	—	3,232,112,911
Dividends payable	—	—	23,125,841	—	—	23,125,841
Other payables	1,078,395,097	248,256,690	349,580,368	—	—	1,676,232,155
Current portion of non-current liabilities	50,643,701	126,017,707	43,523,718	—	—	220,185,126
Long-term borrowings	12,608,704	25,217,407	113,478,334	1,218,340,724	1,694,943,881	3,064,589,050
Bonds payable	10,711,530	21,423,060	96,403,770	3,437,223,129	—	3,565,761,489
Long-term payables	449,092	898,184	4,041,830	68,233,398	46,490,000	120,112,504
	1,454,901,914	3,486,374,042	8,459,921,110	4,723,797,251	1,741,433,881	19,866,428,198

##### Market risk

Market risk is the risk that the fair values of financial instruments and estimated future cash flows increase or decrease as a result of changes respect to the market price. The market risks comprised interest rate risk, currency risk and equity price risk.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### Market risk *(continued)*

##### Interest rate risk

Interest rate risk is the risk that the fair values of financial instruments and estimated future cash flows increase or decrease as a result of changes respect to the market interest rate. The Group's interest rate risk exposures arise primarily from its long-term debts and short-term debts bearing interest at variable rates.

The Group maintains an appropriate fixed-rate and floating-rate debt portfolio to manage the interest costs. As at 31 December 2012, approximately 39% (2011: 51%) of the interest-bearing borrowings were fixed-rate debt.

The table below demonstrates the sensitivity analysis of the impact (of floating rate borrowings) on the net profit and the shareholders' equity interest when possible, reasonable fluctuation of interest rate occurred, under the assumption that other variables held constant.

	Increase/(decrease) in basis point	Increase/(decrease) in net profit	Increase/(decrease) in equity <sup>#</sup>
2012			
RMB	100/(100)	(15,700,393)/ 15,700,393	—
USD	100/(100)	(44,239,026)/ 44,239,026	—
HKD	100/(100)	(760,125)/ 760,125	—
Others	100/(100)	(1,606,337)/ 1,606,337	—

Management of the Group considered that the fluctuation of the interest rates remains in a reasonable range, which may not make significant impact on the profit before tax and equity interests as at 31 December 2011.

<sup>#</sup> Excluded retained earnings.

##### Currency risk

Currency risk is the risk that the fair values of financial instruments and estimated future cash flows increase or decrease as a result of changes in the foreign exchange rates. The Group's currency risk exposures arise primarily from its operating activities (when the settlement occurred in the functional currencies, which differed from the Group's) and net investments related to overseas subsidiaries.

Since the hedging instruments available in PRC, that can be used by the Group to decrease the currency risk arising from transactions between Renminbi and other currencies are limited, there is no hedging contracts available to manage the currency risks of the Group.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### Market risk *(continued)*

##### Currency risk *(continued)*

The table below demonstrates the sensitivity analysis of the impact on the net profit and shareholders' equity interests when there were reasonable and possible changes in the exchange rates against the Great British pound, United States dollar, Hong Kong dollar, Canadian dollar, Russia ruble, and Australian dollar, under the assumption that other variables held constant.

2012	Increased/ (decreased) in rate	Increase/ (decrease) in net profit	Increase/ (decrease) in equity #
If RMB weakens against United States dollar	10%	(1,083,131,017)	—
If RMB strengthens against United States dollar	(10%)	1,083,131,017	—
If RMB weakens against Great British pound	10%	(19,487,274)	42,126,581
If RMB strengthens against Great British pound	(10%)	19,487,274	(42,126,581)
If RMB weakens against Hong Kong dollar	10%	64,918,306	15,216,503
If RMB strengthens against Hong Kong dollar	(10%)	(64,918,306)	(15,216,503)
If RMB weakens against Canadian dollar	10%	4,065,548	258,266
If RMB strengthens against Canadian dollar	(10%)	(4,065,548)	(258,266)
If RMB weakens against Russian ruble	10%	1,335,388	—
If RMB strengthens against Russian ruble	(10%)	(1,335,388)	—
If RMB weakens against Australian dollar	10%	9,729,341	—
If RMB strengthens against Australian dollar	(10%)	(9,729,341)	—



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### Market risk *(continued)*

##### Currency risk *(continued)*

2011	Increased/ (decreased) in rate	Increase/ (decrease) in net profit	Increase/ (decrease) in equity #
If RMB weakens against United States dollar	10%	(331,216,420)	—
If RMB strengthens against United States dollar	(10%)	331,216,420	—
If RMB weakens against Great British pound	10%	1,780,042	46,002,436
If RMB strengthens against Great British pound	(10%)	(1,780,042)	(46,002,436)
If RMB weakens against Hong Kong dollar	10%	69,842,076	17,368,478
If RMB strengthens against Hong Kong dollar	(10%)	(69,842,076)	(17,368,478)
If RMB weakens against Canadian dollar	10%	10,498,609	13,186,034
If RMB strengthens against Canadian dollar	(10%)	(10,498,609)	(13,186,034)
If RMB weakens against Russian ruble	10%	316,535	—
If RMB strengthens against Russian ruble	(10%)	(316,535)	—
If RMB weakens against Australian dollar	10%	2,777,155	17,244,299
If RMB strengthens against Australian dollar	(10%)	(2,777,155)	(17,244,299)

# Excluded retained earnings.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### **Equity instruments price risk**

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity interest classified as held-for-trading equity investment (Note V 2) and available-for-sale investments (Note V 9) as at 31 December 2012. The Group's listed investments were listed on the Shanghai, Toronto, London, Hong Kong, and Australian stock exchanges, etc., and were measured at quoted market prices at the end of the reporting period.

Market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest closing points during the year were as follows:

	<b>31 December 2012</b>	<b>Highest/lowest 2012</b>	31 December 2011	Highest/lowest 2011
Shanghai – A Share Index	<b>2,376</b>	<b>2,578/2,052</b>	2,304	3,202/2,269
Hong Kong – Hang Seng Index	<b>22,657</b>	<b>22,667/18,186</b>	18,434	24,420/16,250
Toronto TSX Stock Exchange	<b>1,198</b>	<b>1,694/1,164</b>	1,485	2,440/1,333
London Stock Exchange Index	<b>5,898</b>	<b>5,966/5,260</b>	5,518	6,091/4,944
Australian Security Exchange Index	<b>4,665</b>	<b>4,701/4,033</b>	4,111	5,065/3,736



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### Market risk *(continued)*

##### Equity instruments price risk *(continued)*

The table below demonstrates the sensitivity analysis of the impact on the net profit and shareholders' equity interest if the fluctuation was 10% on the basis of the carrying amount as at 31 December 2012 towards fair value of equity instruments, under the assumption that other variables held constant and any tax impact was excluded. For available-for-sale investments, the impact was regarded as the variables arising from fair value, which excluded the impairment impact to the income statement.

	Carrying amount of equity investments	Increase/(decrease) in net profit	Increase/(decrease) in equity <sup>#</sup>
<b>2012</b>			
Held-for-trading			
financial assets			
Shanghai Stock Exchange	7,447,940	744,794/(744,794)	—
Hong Kong Stock Exchange	370,731,583	37,073,158/(37,073,158)	—
Toronto Stock Exchange	914,179	91,418/(91,418)	—
Toronto TSX	9,936,012	993,601/(993,601)	—
Stock Exchange			
New York Stock Exchange	22,003,226	2,200,323/(2,200,323)	—
London Stock Exchange	29,100,643	2,910,064/(2,910,064)	—
Australian Securities	37,796,429	3,779,643/(3,779,643)	—
Exchange			
Available-for-sale investments			
Toronto TSX	851,132	—	85,113/(85,113)
Stock Exchange			
London Stock Exchange	421,265,808	—	42,126,581/(42,126,581)
Hong Kong Stock Exchange	152,165,027	—	15,216,503/(15,216,503)
Toronto Stock Exchange	1,731,531	—	173,153/(173,153)

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### Market risk *(continued)*

##### Equity instruments price risk *(continued)*

2011	Carrying amount of equity investments	Increase/(decrease) in net profit	Increase/(decrease) in equity <sup>#</sup>
Held-for-trading financial assets			
Shanghai Stock Exchange	7,485,290	748,529/(748,529)	—
Hong Kong Stock Exchange	42,982,503	4,298,250/(4,298,250)	—
Toronto Stock Exchange	2,280,858	228,086/(228,086)	—
Toronto TSX Stock Exchange	14,794,756	1,479,476/(1,479,476)	—
Australian Securities Exchange	68,756,161	6,875,616/(6,875,616)	—
Available-for-sale investments			
Toronto TSX Stock Exchange	5,282,138	—	528,214/(528,214)
London Stock Exchange	460,024,359	—	46,002,436/(46,002,436)
Australian Securities Exchange	172,442,990	—	17,244,299/(17,244,299)
Hong Kong Stock Exchange	173,684,781	—	17,368,478/(17,368,478)
Toronto Stock Exchange	126,578,205	—	12,657,821/(12,657,821)

<sup>#</sup> Excluding retained earnings.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### **Market risk** *(continued)*

##### **Commodity price risk**

The Group's exposure to commodity price risk principally relates to the market price fluctuation in gold, copper, zinc and silver. The price fluctuation can affect the Group's operating results.

The Group entered into forward contracts for the sale of gold, copper, zinc and silver. All forward commodity contracts can only be carried out under the approval of the Company's futures exchange team which is composed of top management of the Company and established by the board of directors of the Company. As approved by the board of directors of the Company, the holding position of gold, copper, zinc and silver underlying the exposure positions of forward contracts should not exceed 25% of annual gold, copper, zinc and silver planned production volume of the Group, respectively. In addition, the price range of the forward commodity contracts is closely monitored by the futures exchange team. As at 31 December 2012, most forward commodity contracts had been closed out.

Moreover, in order to mitigate the market price risk of copper cathodes, the Group entered into provisional price arrangements for hedging of inventories for copper refining at Zijin Copper, a subsidiary of the Company.

Accordingly, a reasonably possible fluctuation of 10% in commodity prices would have no significant impact on the Group's and the Company's profit and equity for the year.

##### **Fair value**

The net book values of the Group's financial instruments were approximate to their fair values.

The fair value is the amount at which the instruments could be exchanged in an arm's length transaction between knowledgeable, willing parties. The following methods and assumptions were used to estimate the fair value:

Fair value of cash and cash equivalents, bills receivable, trade receivables, other receivables, other current assets, trade payables, other payables, dividends payable, and current portion of non-current liabilities, was approximate to their carrying amounts due to their short maturities.

The fair values of listed financial assets were measured at quoted market prices.

Fair value of other non-current assets, short-term and long-term borrowings, long-term payables and bonds payable, had been calculated by discounting the expected future cash flows using market profitability rates currently available for other financial instruments on similar terms and similar nature.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### 6. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

##### Fair value *(continued)*

The Group used the following hierarchy for determining and disclosing the fair values of financial instruments as the valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities; Level 2: Adjusted quoted prices in active markets for similar assets or liabilities or adjusted quoted prices in non-active markets for identical or similar assets or liabilities; Level 3: Techniques which use inputs that have a significant effect on the recorded fair value and that are not based on observable market data.

Financial instruments measured at fair value:

##### 2012

	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets	670,943,265	—	—	670,943,265
Available-for-sale investments	576,013,498	—	—	576,013,498
Held-for-trading financial liabilities	6,521,435,369	—	—	6,521,435,369

#### \*7. DIRECTORS' REMUNERATION

Directors' remuneration accrued during the year	2012	2011
Fees	628,800	850,800
Other emoluments:		
Salaries, allowances and benefits in kind	11,550,150	14,689,480
Discretionary bonuses <sup>#</sup>	14,795,455	19,056,583
Pension scheme contributions	36,820	37,008
	26,382,425	33,783,071
	27,011,225	34,633,871

<sup>#</sup> The balance consisted of the discretionary bonuses of RMB11,459,403 (2011: RMB15,055,241) provided in accordance with the directors' remuneration policy of the Company and an adjustment to the unpaid discretionary bonuses of previous years of RMB3,336,052 (2011: RMB4,001,342). The discretionary bonuses were determined by a certain percentage of the increased amount of the Group's net assets.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### \*7. DIRECTORS' REMUNERATION *(continued)*

Directors' remuneration paid during the year	2012	2011
Fees	628,800	850,800
Other emoluments:		
Salaries, allowances and benefits in kind	12,722,445	8,832,364
Discretionary bonuses	18,432,990	15,841,967
Pension scheme contributions	36,820	37,008
	31,192,255	24,711,339
	31,821,055	25,562,139

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2011: Nil).

There were no emoluments paid by the Group to a director as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2011: Nil).

#### (a) Independent non-executive directors

The fees accrued and paid to the independent non-executive directors during the year are as follows:

	2012	2011
Mr. Chen Yuchuan	169,200	168,000
Mr. Lin Yongjing	150,000	217,200
Mr. Su Congfu	150,000	308,400
Mr. Wang Xiaojun	159,600	157,200
	628,800	850,800

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### \*7. DIRECTORS' REMUNERATION *(continued)*

##### (b) Executive directors and a non-executive director

The directors' remuneration accrued for executive directors and a non-executive director during the year are as follows:

	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
<b>2012</b>				
<b>Executive director:</b>				
Mr. Chen Jinghe	2,604,477	3,276,716	—	5,881,193
Mr. Luo Yingnan	2,362,030	2,949,044	—	5,311,074
Mr. Liu Xiaochu (Note 1)	466,325	341,325	—	807,650
Mr. Qiu Xiaohua (Note 2)	971,424	796,424	—	1,767,848
Mr. Lan Fusheng	1,665,298	1,365,298	18,410	3,049,006
Mr. Zou Laichang	1,665,298	1,365,298	18,410	3,049,006
Mr. Huang Xiaodong	1,665,298	1,365,298	—	3,030,596
<b>Non-executive director:</b>				
Mr. Peng Jiaqing	150,000	—	—	150,000
	<b>11,550,150</b>	<b>11,459,403</b>	<b>36,820</b>	<b>23,046,373</b>
<b>2011</b>				
<b>Executive director:</b>				
Mr. Chen Jinghe	3,234,063	4,221,095	—	7,455,158
Mr. Luo Yingnan	2,928,657	3,798,986	—	6,727,643
Mr. Liu Xiaochu	2,058,790	1,758,790	—	3,817,580
Mr. Lan Fusheng	2,058,790	1,758,790	18,504	3,836,084
Mr. Zou Laichang	2,058,790	1,758,790	18,504	3,836,084
Mr. Huang Xiaodong	2,058,790	1,758,790	—	3,817,580
<b>Non-executive director:</b>				
Mr. Peng Jiaqing	291,600	—	—	291,600
	<b>14,689,480</b>	<b>15,055,241</b>	<b>37,008</b>	<b>29,781,729</b>

Pursuant to the remuneration policy of the Company, the discretionary bonuses and certain salary allowances and benefits in kind accrued for the executive directors are subject to the approval of the Remuneration Committee and the shareholders at the Annual General Meeting.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### \*7. DIRECTORS' REMUNERATION *(continued)*

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

The directors' remuneration paid to executive directors and a non-executive director during the year are as follows:

	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
<b>2012</b>				
<b>Executive director:</b>				
Mr. Chen Jinghe	2,709,469	5,767,789	—	8,477,258
Mr. Luo Yingnan	2,353,313	2,795,133	—	5,148,446
Mr. Liu Xiaochu (Note 1)	1,568,377	2,310,449	—	3,878,826
Mr. Qiu Xiaohua (Note 2)	175,000	—	—	175,000
Mr. Lan Fusheng	2,025,017	2,526,389	18,410	4,569,816
Mr. Zou Laichang	2,040,000	2,370,391	18,410	4,428,801
Mr. Huang Xiaodong	1,701,269	2,662,839	—	4,364,108
<b>Non-executive director:</b>				
Mr. Peng Jiaqing	150,000	—	—	150,000
	<b>12,722,445</b>	<b>18,432,990</b>	<b>36,820</b>	<b>31,192,255</b>
<b>2011</b>				
<b>Executive director:</b>				
Mr. Chen Jinghe	1,772,000	5,024,910	—	6,796,910
Mr. Luo Yingnan	1,438,129	2,292,809	—	3,730,938
Mr. Liu Xiaochu	1,300,000	2,002,746	—	3,302,746
Mr. Lan Fusheng	1,450,000	2,175,416	18,504	3,643,920
Mr. Zou Laichang	1,350,000	2,032,753	18,504	3,401,257
Mr. Huang Xiaodong	1,230,635	2,313,333	—	3,543,968
<b>Non-executive director:</b>				
Mr. Peng Jiaqing	291,600	—	—	291,600
	<b>8,832,364</b>	<b>15,841,967</b>	<b>37,008</b>	<b>24,711,339</b>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2011: Nil).

Note 1: Resigned on 28 March 2012.

Note 2: Joined on 28 May 2012.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### \*8. THE FIVE HIGHEST PAID EMPLOYEES OF THE GROUP DURING THE YEAR

The five highest paid employees of the Group during the year included five directors (2011: five directors). More details are disclosed in Note X 7.

#### \*9. PENSION SCHEME CONTRIBUTIONS

	2012	2011
Net payment of pension scheme contributions	<b>106,235,958</b>	83,045,625

As at 31 December 2012, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (31 December 2011: Nil).

#### \*10. NET CURRENT ASSETS

	31 December 2012 The Group	31 December 2011 The Group	31 December 2012 The Company	31 December 2011 The Company
Current assets	<b>24,333,698,904</b>	17,931,875,798	<b>13,068,116,665</b>	9,772,712,633
Less: current liabilities	<b>22,978,617,534</b>	16,364,642,839	<b>7,575,694,549</b>	5,826,484,699
Net current assets	<b>1,355,081,370</b>	1,567,232,959	<b>5,492,422,116</b>	3,946,227,934



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### X. OTHER SIGNIFICANT EVENTS *(continued)*

#### \*11. TOTAL ASSETS LESS CURRENT LIABILITIES

	<b>31 December 2012 The Group</b>	31 December 2011 The Group	<b>31 December 2012 The Company</b>	31 December 2011 The Company
Total assets	<b>67,354,421,041</b>	52,320,199,332	<b>31,380,263,048</b>	26,004,596,331
Less: current liabilities	<b>22,978,617,534</b>	16,364,642,839	<b>7,575,694,549</b>	5,826,484,699
Total assets less current liabilities	<b>44,375,803,507</b>	35,955,556,493	<b>23,804,568,499</b>	20,178,111,632

#### 12. OTHERS

On 9 November 2012, the Company entered into the No.QDIIZH2012-001 Asset Management Agreement with Essence Securities Co., Ltd., ("Essence") and Industrial and Commercial Bank of China Limited. Pursuant to the agreement, the Company, as the specific customer of Essence, was eligible to make foreign listed equity investments in the mining industry at a maximum facility of USD200,000,000. The relevant arrangements were approved by the Resolution passed at the board meeting on 26 October 2012. As at 31 December 2012, the Company had paid in aggregate an amount of RMB906,000,000 into a QDII account for delegating the equity investments by Essence.

On 21 December 2009, the Company entered into the No.QDIIZH2009-004 Asset Management Agreement with Credit Suisse Asset Management Company Limited ("ICBCCS") and Industrial and Commercial Bank of China Limited. Pursuant to the agreement, the Company, as the specific customer of ICBCCS, was eligible to make foreign listed equity investments in the mining industry at a maximum facility of USD200,000,000. The relevant arrangements were approved by the Resolution passed at the board meeting on 10 September 2009 and the permission of the China Securities Regulatory Committee on 29 September 2009. As at 31 December 2011, the Company had paid in aggregate an amount of RMB906,000,000 into a QDII account for delegating the equity investments by ICBCCS. The relevant arrangement was due in the current year.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

#### 1. TRADE RECEIVABLES

The trade receivables are interest-free with a credit period of three months.

An ageing analysis of the trade receivables is as follows:

	2012	2011
Within 1 year	<b>812,754,858</b>	161,231,264
Over 1 year but within 2 years	<b>15,568,379</b>	24,742,379
Over 2 years but within 3 years	<b>17,430,918</b>	25,462
Over 3 years	<b>66,113</b>	75,811
	<b>845,820,268</b>	186,074,916
Less: bad debt provision	<b>88,513</b>	88,513
	<b>845,731,755</b>	185,986,403

The movements of bad debt provision of the trade receivables are as follows:

	At 1 January	Additions	Reductions		At 31 December
			Reversal	Write-off	
<b>2012</b>	<b>88,513</b>	—	—	—	<b>88,513</b>
2011	88,513	—	—	—	88,513

	31 December 2012				31 December 2011			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and for which bad debt provision has been assessed individually	<b>836,758,158</b>	<b>98.93</b>	—	—	178,015,220	95.67	—	—
Others not significant	<b>9,062,110</b>	<b>1.07</b>	<b>88,513</b>	<b>0.98</b>	8,059,696	4.33	88,513	1.10
	<b>845,820,268</b>	<b>100</b>	<b>88,513</b>	<b>0.01</b>	186,074,916	100	88,513	0.05

There were no trade receivables denominated in foreign currencies as at 31 December 2012 and 31 December 2011.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 1. TRADE RECEIVABLES *(continued)*

Top five entities with the largest balances of trade receivables are as follows:

##### 31 December 2012

Name of entity	Relationship with the Company	Amount	Ageing	Proportion of trade receivables (%)
Zijin Copper	A subsidiary of the Company	<b>582,539,244</b>	Within 1 year/ Over 1 year but within 2 years	68.87
Zijin Mining Group (Xiamen) Marketing Company Limited ("Xiamen Marketing")	A subsidiary of the Company	<b>99,599,810</b>	Within 1 year	11.78
Fujian Jinshan Gold Refinery Company Limited ("Jinshan Refinery")	A subsidiary of the Company	<b>63,934,063</b>	Within 1 year/ Over 1 year but within 2 years	7.56
Jinyi Copper	A subsidiary of the Company	<b>53,615,072</b>	Within 1 year	6.34
Meizhou Jincheng Industrial and Trading Company Limited	Third party	<b>19,745,947</b>	Within 1 year	2.33
		<b>819,434,136</b>		96.88

##### 31 December 2011

Name of entity	Relationship with the Company	Amount	Ageing	Proportion of trade receivables (%)
Xiamen Marketing	A subsidiary of the Company	61,925,539	Within 1 year	33.28
Jinshan Refinery	A subsidiary of the Company	57,493,152	Within 1 year/ Over 1 year but within 2 years	30.90
Jinyi Copper	A subsidiary of the Company	21,636,186	Within 1 year	11.63
Xiamen Zijin	A subsidiary of the Company	19,652,940	Within 1 year	10.56
Fujian Zijin Copper Company Limited	A subsidiary of the Company	17,307,402	Within 1 year/ Over 1 year but within 2 years	9.30
		178,015,219		95.67

As at 31 December 2012, there were no trade receivables (31 December 2011: Nil), due from shareholders holding at least 5% of the Company's shares with voting powers.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 2. OTHER RECEIVABLES

An ageing analysis of other receivables as is as follows:

	2012	2011
Within 1 year	<b>2,477,137,983</b>	1,965,863,203
Over 1 year but within 2 years	<b>1,724,145,983</b>	2,382,720,188
Over 2 years but within 3 years	<b>1,564,197,258</b>	1,042,350,930
Over 3 years	<b>619,160,395</b>	407,345,159
	<b>6,384,641,619</b>	5,798,279,480
Less: bad debt provision	<b>6,347,066</b>	6,349,066
	<b>6,378,294,553</b>	5,791,930,414

The movements in bad debt provision of other receivables are as follows:

	At 1 January	Additions	Reductions		At 31 December
			Reversal	Write-off	
<b>2012</b>	<b>6,349,066</b>	—	<b>(2,000)</b>	—	<b>6,347,066</b>
2011	5,487,674	861,433	(41)	—	6,349,066

	31 December 2012				31 December 2011			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and for which bad debt provision has been assessed individually	<b>6,214,702,974</b>	<b>97.34</b>	—	—	5,657,856,774	97.58	—	—
Others not significant	<b>169,938,645</b>	<b>2.66</b>	<b>6,347,066</b>	<b>3.73</b>	140,422,706	2.42	6,349,066	4.52
	<b>6,384,641,619</b>	<b>100</b>	<b>6,347,066</b>	<b>0.10</b>	5,798,279,480	100	6,349,066	0.11



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 2. OTHER RECEIVABLES *(continued)*

Top five entities with the largest balances of other receivables are as follows:

**31 December 2012**

Name of entity	Relationship with the Company	Amount	Ageing	Proportion of other receivables (%)
Zijin Investment	A subsidiary of the Company	<b>816,099,741</b>	Within 1 year/Over 1 year but within 2 years /Over 2 years but within 3 years/Over 3 years	12.78
Northwest Company	A subsidiary of the Company	<b>787,431,741</b>	Within 1 year/Over 1 year but within 2 years /Over 2 years but within 3 years/Over 3 years	12.33
Zijin Real Estate	A subsidiary of the Company	<b>724,681,038</b>	Within 1 year/Over 1 year but within 2 years /Over 2 years but within 3 years/Over 3 years	11.35
Land Reserve Center of Longyan City	Third party	<b>480,000,000</b>	Within 1 year	7.52
Zijin Mining Group Northeast Asia Company Limited ("Northeast Asia Zijin")	A subsidiary of the Company	<b>363,057,184</b>	Within 1 year/Over 1 year but within 2 years /Over 2 years but within 3 years	5.69
		<b>3,171,269,704</b>		49.67

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 2. OTHER RECEIVABLES *(continued)*

31 December 2011

Name of entity	Relationship with the Company	Amount	Ageing	Proportion of other receivables (%)
Northwest Company	A subsidiary of the Company	796,087,998	Within 1 year/Over 1 year but within 2 years/Over 2 years but within 3 years	13.73
Zijin Investment	A subsidiary of the Company	755,958,662	Within 1 year/Over 1 year but within 2 years/Over 2 years but within 3 years	13.04
Zijin Real Estate	A subsidiary of the Company	692,776,547	Within 1 year/Over 1 year but within 2 years/Over 2 years but within 3 years	11.95
Northeast Asia Zijin	A subsidiary of the Company	532,414,511	Within 1 year/Over 1 year but within 2 years	9.18
Heilongjiang Longxing	A subsidiary of the Company	298,268,398	Within 1 year/Over 1 year but within 2 years/Over 2 years but within 3 years/Over 3 years	5.14
		3,075,506,116		53.04

As at 31 December 2012, there were no other receivables (31 December 2011: Nil) due from shareholders holding at least 5% of the Company's shares with voting powers.

As at 31 December 2012 and 31 December 2011, there were no other receivables of the Company denominated in foreign currencies.

#### \*3. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
Equity investments of listed companies, at fair value		
Other regions (excluding Hong Kong):		
Inter-Citic Minerals Inc.	—	96,042,004
Norton Gold Fields	—	88,174,669
Glencore International Corp.	<b>415,865,890</b>	444,736,784
	<b>415,865,890</b>	628,953,457



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 4. LONG-TERM EQUITY INVESTMENTS

		Investment cost	1 January 2011	Additions	Reductions	31 December 2011	Additions	Reductions	31 December 2012
Long-term equity investments under the cost method:									
Subsidiaries	(i)	11,325,648,060	8,805,069,951	2,097,174,335	(97,813,770)	10,804,430,516	531,217,544	(10,000,000)	11,325,648,060
Other equity investments	(ii)	164,750,000	164,750,000	—	—	164,750,000	—	—	164,750,000
Long-term equity investments under the equity method:									
Associates	(iii)	888,226,977	844,610,605	68,802,677	(87,673,289)	825,739,993	64,655,527	(20,000,000)	870,395,520
<b>Total</b>		<b>12,378,625,037</b>	<b>9,814,430,556</b>	<b>2,165,977,012</b>	<b>(185,487,059)</b>	<b>11,794,920,509</b>	<b>595,873,071</b>	<b>(30,000,000)</b>	<b>12,360,793,580</b>
Provision for impairment									
Subsidiaries	(i)		(496,578,003)	—	16,174,673	(480,403,330)	—	—	(480,403,330)
			9,317,852,553	2,165,977,012	(169,312,386)	11,314,517,179	595,873,071	(30,000,000)	11,880,390,250

\* The subsidiaries and associates held by the Company were unlisted as at 31 December 2012 and 31 December 2011.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 4. LONG-TERM EQUITY INVESTMENTS *(continued)*

##### (I) INVESTMENT IN SUBSIDIARIES

###### Investment cost

	1 January 2011	Additions	Reductions	31 December 2011	Additions	Reductions	31 December 2012
Longsheng Dexin	—	—	—	—	53,550,000	—	53,550,000
Guizhou Zijin	30,600,000	—	—	30,600,000	—	—	30,600,000
Anhui Zijin Mining Company Limited ("Anhui Zijin")	6,000,000	—	—	6,000,000	—	—	6,000,000
Xiamen Zijin	401,776,000	—	—	401,776,000	106,436	—	401,882,436
Xinjiang Ashele	139,335,849	—	—	139,335,849	—	—	139,335,849
Hunchun Zijin	185,437,500	—	—	185,437,500	—	—	185,437,500
Tongling Zijin	25,500,000	—	—	25,500,000	—	—	25,500,000
Jiuzhaigou Zijin	43,524,000	—	(43,524,000)	—	—	—	—
Ganzi Zijin	24,000,000	—	—	24,000,000	—	—	24,000,000
Zijin Investment	559,000,000	—	—	559,000,000	24,228,206	—	583,228,206
Qinghai West	936,000,000	—	—	936,000,000	—	—	936,000,000
Northwest Company	300,000,000	—	—	300,000,000	45,584	—	300,045,584
Bayannaer Zijin	297,300,000	—	—	297,300,000	21,025,993	—	318,325,993
Gold Mountains H.K.	645,621,989	—	—	645,621,989	147,798,824	—	793,420,813
Zijin International Mining Company Limited	47,500,000	—	—	47,500,000	119,855,583	—	167,355,583
Yunnan Huaxi	86,830,000	—	—	86,830,000	—	—	86,830,000
Henan Gold Mining	129,880,000	—	—	129,880,000	—	—	129,880,000
Luoyang Yinhui	105,000,000	—	—	105,000,000	—	—	105,000,000
Mongolia Zijin	1,489,770	—	(1,489,770)	—	—	—	—
Xinyi Zijin	243,900,000	—	—	243,900,000	—	—	243,900,000
Jinshan Refinery	298,000,000	—	—	298,000,000	—	—	298,000,000
Fujian Zijin Hotel Management Company Limited	10,000,000	—	—	10,000,000	—	—	10,000,000
Fujian Zijin Mining Technology Company Limited	5,000,000	—	—	5,000,000	—	—	5,000,000
Chongli Zijin	142,500,000	—	—	142,500,000	—	—	142,500,000
Longkou Jintai	192,000,000	—	—	192,000,000	—	—	192,000,000
Shanxi Zijin	127,284,118	—	—	127,284,118	—	—	127,284,118
Southwest Company	1,179,600,000	—	—	1,179,600,000	5,209,370	—	1,184,809,370
Hunan Zijin Mining Company Limited ("Hunan Zijin")	52,800,000	—	(52,800,000)	—	—	—	—
Hunan Jinfeng Mining and Metallurgy Technology	10,000,000	—	—	10,000,000	—	(10,000,000)	—
	50,000,000	—	—	50,000,000	—	—	50,000,000



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 4. LONG-TERM EQUITY INVESTMENTS *(continued)*

##### (I) INVESTMENT IN SUBSIDIARIES *(continued)*

###### Investment cost *(continued)*

	1 January 2011	Additions	Reductions	31 December 2011	Additions	Reductions	31 December 2012
Wuping Zijin Mining Company Limited	18,618,000	—	—	18,618,000	338,208	—	18,956,208
Fujian Jinshan Investment Company Limited	8,000,000	—	—	8,000,000	—	—	8,000,000
Zijin Real Estate	—	300,000,000	—	300,000,000	—	—	300,000,000
Gansu Yate	254,232,725	—	—	254,232,725	99,880,630	—	354,113,355
Huanmin Mining	306,000,000	—	—	306,000,000	—	—	306,000,000
Inner Mongolian Zijin Company Limited	100,000,000	—	—	100,000,000	—	—	100,000,000
Northeast Asia Zijin	600,000,000	—	—	600,000,000	59,178,710	—	659,178,710
Qinghai Zijin	100,000,000	350,066,992	—	450,066,992	—	—	450,066,992
Finance Company	475,000,000	—	—	475,000,000	—	—	475,000,000
Zijin Copper	604,340,000	1,218,307,343	—	1,822,647,343	—	—	1,822,647,343
Xinjiang Jinneng Mining Co., Ltd. ("Jinneng Mining")	50,000,000	—	—	50,000,000	—	—	50,000,000
Zijin Xiangyu (Longyan) Logistics Company Limited	13,000,000	—	—	13,000,000	—	—	13,000,000
Xiamen Marketing	—	20,000,000	—	20,000,000	—	—	20,000,000
Jinyi Copper	—	140,000,000	—	140,000,000	—	—	140,000,000
Ankang Zijin	—	68,800,000	—	68,800,000	—	—	68,800,000
	8,805,069,951	2,097,174,335	(97,813,770)	10,804,430,516	531,217,544	(10,000,000)	11,325,648,060

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 4. LONG-TERM EQUITY INVESTMENTS *(continued)*

##### (I) INVESTMENT IN SUBSIDIARIES *(continued)*

Movements of provision for impairment losses of long-term equity investments in subsidiaries

**2012**

	At 1 January 2012	Write-off due to disposal of subsidiaries	At 31 December 2012
Anhui Zijin	6,000,000	—	6,000,000
Gansu Yate	43,019,351	—	43,019,351
Longkou Jintai	187,483,979	—	187,483,979
Xinyi Zijin	243,900,000	—	243,900,000
	<b>480,403,330</b>	<b>—</b>	<b>480,403,330</b>

2011

	At 1 January 2011	Write-off due to disposal of subsidiaries	At 31 December 2011
Anhui Zijin	6,000,000	—	6,000,000
Gansu Yate	43,019,351	—	43,019,351
Longkou Jintai	187,483,979	—	187,483,979
Xinyi Zijin	243,900,000	—	243,900,000
Hunan Zijin	16,174,673	(16,174,673)	—
	496,578,003	(16,174,673)	480,403,330



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 4. LONG-TERM EQUITY INVESTMENTS *(continued)*

##### (ii) Other equity investments

	Sichuan Liwu Copper Company Limited	Nanjing China Net Communication Company Limited	Hunan Nonferrous Metals Company Limited*	Shanghang Rural Commercial Bank	Total
31 December 2011	19,850,000	25,000,000	30,000,000	89,900,000	164,750,000
Proportion of equity interest in the investee	5.77%	8.62%	1.37%	10%	N/A
Current year additions	—	—	—	—	—
31 December 2012	19,850,000	25,000,000	30,000,000	89,900,000	164,750,000
Proportion of equity interest in the investee	5.77%	8.62%	1.37%	10%	N/A

\* Investment in a listed company.

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### 4. LONG-TERM EQUITY INVESTMENTS *(continued)*

#### (iii) Associates

2012

Name of entity	Proportion of equity interest	Investment cost	At 1 January 2012	Changes for the year	Equity changes			Provision for impairment losses			At 31 December 2012
					Cash dividends	Disposals	Accumulated changes	Additions	Disposals	Accumulated changes	
Longyan Makeng	31.50%	31,860,000	182,552,563	31,196,934	—	179,435,247	—	—	2,454,250	213,749,497	
Tibet Yulong	22.00%	137,500,000	82,009,103	412,202	—	(55,078,695)	—	—	—	82,421,305	
Songpan Zijin	34.00%	39,400,000	39,249,785	—	—	(150,215)	—	—	—	39,249,785	
Zijin Tongguan Wancheng	45.00%	607,500,000	491,294,035	8,200,222	—	(84,245,182)	—	—	(23,760,561)	499,494,257	
Commercial	10.00%	71,966,977	30,634,507	24,846,169	(20,000,000)	(36,486,301)	—	—	—	35,480,676	
		888,226,977	825,739,993	64,655,527	(20,000,000)	3,474,854	—	—	(21,306,311)	870,395,520	



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 4. LONG-TERM EQUITY INVESTMENTS *(continued)*

##### (iii) Associates *(continued)*

2011

Name of entity	Proportion of equity interest	Investment cost	At 1 January 2011	Equity changes			Provision for impairment losses			At 31 December 2011	
				Changes for the year	Cash dividends	Disposals	Accumulated changes	Additions	Disposals		Accumulated changes
Longyan Makeng	31.50%	31,860,000	146,736,761	35,815,802	—	—	148,238,313	—	—	2,454,250	182,552,563
Tibet Yulong	22.00%	137,500,000	101,298,951	(19,289,848)	—	—	(55,490,897)	—	—	—	82,009,103
Songpan Zijin	34.00%	39,400,000	39,249,785	—	—	—	(150,215)	—	—	—	39,249,785
Zijin Tongguan Wancheng	45.00%	607,500,000	525,675,546	(34,381,511)	—	—	(92,445,404)	—	—	(23,760,561)	491,294,035
Commercial	10.00%	71,966,977	31,649,562	32,986,875	(34,001,930)	—	(41,332,470)	—	—	—	30,634,507
		888,226,977	844,610,605	15,131,318	(34,001,930)	—	(41,180,673)	—	—	(21,306,311)	825,739,993

## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### \*5. FIXED ASSETS

##### 2012

	Buildings	Mining assets	Power generating and transmission equipment	Plant, machinery and equipment	Leasehold improvements	Furniture and fixtures	Motor vehicles	Total
Cost								
At 1 January 2012	328,875,278	1,008,719,778	44,175,201	557,310,327	9,297,850	44,552,280	63,783,649	2,056,714,363
Purchase additions	—	16,595,005	1,459,531	90,747,913	81,259	4,273,952	14,598,716	127,756,376
Transfers from construction in progress	60,414,318	1,254,060,086	190,000	36,698,108	—	1,362,052	—	1,352,724,564
Disposals	(2,635,711)	(2,651,781)	—	(17,385,830)	—	(1,341,132)	(5,976,679)	(29,991,133)
At 31 December 2012	386,653,885	2,276,723,088	45,824,732	667,370,518	9,379,109	48,847,152	72,405,686	3,507,204,170
Accumulated depreciation								
At 1 January 2012	54,272,310	638,404,732	18,409,659	276,981,446	8,278,403	25,615,661	26,782,635	1,048,744,846
Depreciation for the year	18,149,989	71,350,774	2,130,615	61,528,654	380,762	6,506,646	8,472,254	168,519,694
Disposals	(1,394,488)	(1,986,672)	—	(13,575,954)	—	(1,296,871)	(3,982,387)	(22,236,372)
At 31 December 2012	71,027,811	707,768,834	20,540,274	324,934,146	8,659,165	30,825,436	31,272,502	1,195,028,168
Impairment								
At 1 January 2012	—	—	—	732,353	—	967	—	733,320
Impairment for the year	—	—	—	—	—	—	—	—
Disposals	—	—	—	(683)	—	—	—	(683)
At 31 December 2012	—	—	—	731,670	—	967	—	732,637
Net book value								
At 31 December 2012	315,626,074	1,568,954,254	25,284,458	341,704,702	719,944	18,020,749	41,133,184	2,311,443,365
At 1 January 2012	274,602,968	370,315,046	25,765,542	279,596,528	1,019,447	18,935,652	37,001,014	1,007,236,197



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### \*5. FIXED ASSETS *(continued)*

2011

	Buildings	Mining assets	Power generating and transmission equipment	Plant, machinery and equipment	Leasehold improvements	Furniture and fixtures	Motor vehicles	Total
<b>Cost</b>								
At 1 January 2011	238,135,298	960,766,034	41,124,629	531,757,493	9,651,033	38,311,858	50,113,914	1,869,860,259
Purchase additions	7,657,406	13,684,115	3,382,729	67,096,433	13,740	7,153,421	17,540,959	116,528,803
Transfers from construction in progress	87,585,468	72,843,982	—	112,124	—	—	—	160,541,574
Disposals	(4,502,894)	(38,574,353)	(332,157)	(41,655,723)	(366,923)	(912,999)	(3,871,224)	(90,216,273)
At 31 December 2011	328,875,278	1,008,719,778	44,175,201	557,310,327	9,297,850	44,552,280	63,783,649	2,056,714,363
<b>Accumulated depreciation</b>								
At 1 January 2011	35,504,658	610,809,842	15,920,431	251,313,073	8,061,894	20,595,201	21,944,409	964,149,508
Depreciation for the year	19,814,164	57,767,586	2,716,996	59,033,943	351,913	5,773,194	6,522,028	151,979,824
Disposals	(1,046,512)	(30,172,696)	(227,768)	(33,365,570)	(135,404)	(752,734)	(1,683,802)	(67,384,486)
At 31 December 2011	54,272,310	638,404,732	18,409,659	276,981,446	8,278,403	25,615,661	26,782,635	1,048,744,846
<b>Impairment</b>								
At 1 January and 31 December 2011	—	—	—	732,353	—	967	—	733,320
<b>Net book value</b>								
At 31 December 2011	274,602,968	370,315,046	25,765,542	279,596,528	1,019,447	18,935,652	37,001,014	1,007,236,197
At 1 January 2011	202,630,640	349,956,192	25,204,198	279,712,067	1,589,139	17,715,690	28,169,505	904,977,431

## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### \*5. FIXED ASSETS (continued)

Fixed assets that are fully depreciated but still in use are as follows:

	2012		2011	
	Cost	Net book value	Cost	Net book value
Buildings	3,349,734	100,492	2,510,298	75,309
Mining assets	426,218,206	—	395,652,295	—
Power generating and transmission equipment	10,561,957	316,859	2,958,370	88,751
Plant, machinery and equipment	92,241,963	2,767,259	72,991,981	2,189,759
Leasehold improvements	7,297,925	218,938	7,283,548	218,506
Furniture and fixtures	17,923,967	537,719	15,815,156	474,455
Motor vehicles	7,572,408	227,172	10,117,174	303,515
Total	565,166,160	4,168,439	507,328,822	3,350,295

Fixed assets that are temporarily idle are as follows:

#### 2012

	Plant, machinery and equipment	Total
At 31 December 2012		
Cost	1,573,702	1,573,702
Accumulated depreciation	(577,852)	(577,852)
Impairment	—	—
Net book value	995,850	995,850

#### 2011

	Plant, machinery and equipment	Total
At 31 December 2011		
Cost	749,498	749,498
Accumulated depreciation	(553,844)	(553,844)
Impairment	—	—
Net book value	195,654	195,654

There were no fixed assets of the Company leased or leased out under finance leases.

There were no fixed assets of the Company leased out under operating leases (2011: Nil).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### \*5. FIXED ASSETS *(continued)*

Fixed assets for which certificates of title had not been obtained as at 31 December 2012 are as follows:

Item	Net book value	Reasons why certificates of title had not been obtained	Expected timing of obtaining certificates of title
Buildings	156,923,426	In the process of applying	2013
Mining assets	23,748,015	In the process of applying	2013
	180,671,441		

Fixed assets for which certificates of title had not been obtained as at 31 December 2011 are as follows:

Item	Net book value	Reasons why certificates of title had not been obtained	Expected timing of obtaining certificates of title
Buildings	153,408,307	In the process of applying	2012
Mining assets	6,957,483	In the process of applying	2012
	160,365,790		

# Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

## XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

### \*6. CONSTRUCTION IN PROGRESS

#### 2012

	At 1 January 2012		Additions	Transferred to fixed assets	Other At 31 December 2012		Source of funds	Contribution in budget (%)	Progress of construction (%)
	Budget	2012			reductions	2012			
Zijinshan Gold and Copper Mine joint open pit mining project	1,521,040,800	1,473,570,135	680,656,958	(1,298,673,162)	(5,304,835)	850,249,096	Offering fund / Equity fund	150%	88%
Zijin headquarters infrastructure project	162,296,575	46,937,246	66,141,524	(53,221,701)	—	59,857,069	Equity fund	126%	90%
Others	2,180,000	590,353	10,895,192	(829,701)	(19,000)	10,636,844	Equity fund	N/A	N/A
	1,685,517,375	1,521,097,734	757,693,674	(1,352,724,564)	(5,323,835)	920,743,009			

#### 2011

	At 1 January 2011		Additions	Transferred to fixed assets	Other At 31 December 2011		Source of funds	Contribution in budget (%)	Progress of construction (%)
	Budget	2011			reductions	2011			
Zijinshan Gold and Copper Mine joint open pit mining project	1,521,040,800	859,834,041	687,650,325	(66,986,573)	(6,927,658)	1,473,570,135	Offering fund / Equity fund	106%	85%
Zijin headquarters infrastructure project	172,000,000	111,832,405	25,151,485	(90,046,644)	—	46,937,246	Equity fund	95%	85%
Others	2,180,000	3,471,897	1,872,130	(3,508,357)	(1,245,317)	590,353	Equity fund	N/A	N/A
	1,695,220,800	975,138,343	714,673,940	(160,541,574)	(8,172,975)	1,521,097,734			

For the year ended 31 December 2012, there were no borrowing costs eligible for capitalisation of the Company (2011: Nil).

For the year ended 31 December 2012, there was no impairment of construction in progress of the Company (2011: Nil).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### \*7. INTANGIBLE ASSETS

##### 2012

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost				
At 1 January 2012	407,936,574	84,730,003	1,996,070	494,662,647
Additions	—	2,499,838	55,652	2,555,490
At 31 December 2012	407,936,574	87,229,841	2,051,722	497,218,137
Accumulated amortisation				
At 1 January 2012	134,718,953	8,098,365	592,918	143,410,236
Amortisation provided for the year	29,188,254	1,755,083	226,365	31,169,702
At 31 December 2012	163,907,207	9,853,448	819,283	174,579,938
Net book value				
At 31 December 2012	244,029,367	77,376,393	1,232,439	322,638,199
At 1 January 2012	273,217,621	76,631,638	1,403,152	351,252,411

##### 2011

	Exploration and mining rights	Land use rights	Membership of Shanghai Gold Exchange and others	Total
Cost				
At 1 January 2011	407,936,574	76,908,826	1,941,408	486,786,808
Additions	—	7,821,177	54,662	7,875,839
At 31 December 2011	407,936,574	84,730,003	1,996,070	494,662,647
Accumulated amortisation				
At 1 January 2011	105,530,695	6,459,253	481,284	112,471,232
Amortisation provided for the year	29,188,258	1,639,112	111,634	30,939,004
At 31 December 2011	134,718,953	8,098,365	592,918	143,410,236
Net book value				
At 31 December 2011	273,217,621	76,631,638	1,403,152	351,252,411
At 1 January 2011	302,405,879	70,449,573	1,460,124	374,315,576

Land use rights are situated in Mainland China and are held under medium-term leases.

## Notes to Financial Statements (continued)

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 8. LONG-TERM DEFERRED ASSETS

	2012			2011		
	Land compensation costs (Note 1)	Others	Total	Land compensation costs (Note 1)	Others	Total
At 1 January	61,613,352	5,926,935	67,540,287	74,808,377	4,153,143	78,961,520
Additions	9,290,616	15,833,658	25,124,274	95,769	3,579,785	3,675,554
Amortisation	(12,956,528)	(2,444,892)	(15,401,420)	(13,290,794)	(1,805,993)	(15,096,787)
At 31 December	57,947,440	19,315,701	77,263,141	61,613,352	5,926,935	67,540,287

Note 1: The land compensation costs relate to the compensation for the occupation of forest lands at mining sites. The amortisation period ranges from 5 to 50 years.

#### 9. OTHER NON-CURRENT ASSETS

	2012			2011		
	Prepaid investment costs, prepayment for exploration and mining rights and others (Note 1)	Exploration and evaluation costs	Total	Prepaid investment costs, prepayment for exploration and mining rights and others (Note 1)	Exploration and evaluation costs	Total
At 1 January	46,724,629	1,068,378,502	1,115,103,131	28,742,535	1,233,842,244	1,262,584,779
Additions	36,193,151	1,382,106,672	1,418,299,823	21,218,589	36,166,022	57,384,611
Amortisation	(3,942,443)	(291,841,318)	(295,783,761)	(3,236,495)	(201,629,764)	(204,866,259)
At 31 December	78,975,337	2,158,643,856	2,237,619,193	46,724,629	1,068,378,502	1,115,103,131
Impairment	—	(45,000,000)	(45,000,000)	—	—	—
Net book value at 31 December	78,975,337	2,113,643,856	2,192,619,193	46,724,629	1,068,378,502	1,115,103,131
Net book value at 1 January	46,724,629	1,068,378,502	1,115,103,131	28,742,535	1,233,842,244	1,262,584,779

Note 1: The Company's balances of prepaid investment costs, prepayments for exploration and mining rights and others mainly included: prepayment for land use rights of RMB6,000,000 (2011: RMB15,190,090); prepaid investment costs of RMB777,000,000 (2011: RMB777,000,000); prepayment for construction work and purchase of machinery and equipment of RMB9,771,641 (2011: RMB34,166,021); long-term receivables of RMB1,110,312,328 (2011: RMB241,116,213).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 10. ASSETS WITH RESTRICTIONS ON TITLE

##### 2012

Assets that are collateralised or pledged:

	At 1 January 2012	Additions	Reductions	At 31 December 2012	Note
Cash and cash equivalents	362,000,000	566,760,389	(362,000,000)	566,760,389	Note V.22 note 1

##### 2011

Assets that are collateralised or pledged:

	At 1 January 2011	Additions	Reductions	At 31 December 2011	Note
Cash and cash equivalents	—	362,000,000	—	362,000,000	Note V.22 note 1

#### \*11. PROVISION FOR IMPAIRMENT OF ASSETS

##### 2012

	At 1 January 2012	Additions	Reductions		At 31 December 2012
	Carrying amount		Reversal	Write-off	Carrying amount
Bad debt provision	6,437,579	—	(2,000)	—	6,435,579
<i>Including: Trade receivables</i>	<i>88,513</i>	—	—	—	<i>88,513</i>
<i>Other receivables</i>	<i>6,349,066</i>	—	<i>(2,000)</i>	—	<i>6,347,066</i>
Inventory provision	600,965	4,121,410	—	—	4,722,375
Impairment of available- for-sale investments	—	113,975,059	—	—	113,975,059
Impairment of long-term equity investments	480,403,330	—	—	—	480,403,330
Impairment of fixed assets	733,320	—	—	(683)	732,637
Impairment of other non-current assets	—	45,000,000	—	—	45,000,000
	488,175,194	163,096,469	(2,000)	(683)	651,268,980

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### \*11. PROVISION FOR IMPAIRMENT OF ASSETS

2011

	At 1 January	Additions	Reductions		At 31 December
	2011		Reversal	Write-off	2011
	Carrying amount				Carrying amount
Bad debt provision	5,576,187	861,433	(41)	—	6,437,579
<i>Including: Trade receivables</i>	<i>88,513</i>	—	—	—	<i>88,513</i>
<i>    Other receivables</i>	<i>5,487,674</i>	<i>861,433</i>	<i>(41)</i>	—	<i>6,349,066</i>
Inventory provision	60,551	540,414	—	—	600,965
Impairment of long-term equity investments	496,578,003	—	—	(16,174,673)	480,403,330
Impairment of fixed assets	733,320	—	—	—	733,320
	502,948,061	1,401,847	(41)	(16,174,673)	488,175,194

#### 12. TRADE PAYABLES

An ageing analysis of the trade payables, based on the invoice dates, is as follows:

	2012	2011
Within 1 year	<b>171,759,688</b>	154,968,657
Over 1 year but within 2 years	<b>4,661,145</b>	8,936,013
Over 2 years but within 3 years	<b>2,031,094</b>	1,298,078
Over 3 years	<b>6,154,173</b>	5,198,915
	<b>184,606,100</b>	170,401,663

The trade payables are interest-free and are normally settled within three months.

As at 31 December 2012, the balance of the trade payables of the Company including a trading balance due to subsidiaries of RMB89,750,564 (as at 31 December 2011: RMB79,793,770), and payables due to other related parties amounted to RMB10,179,932 (as at 31 December 2011: RMB6,464,326).

As at 31 December 2012 and 2011, there were no trade payables denominated in foreign currencies.

As at December 2012, there is no significant balance of trade payables aged more than one year (31 December 2011: Nil).



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### \*13. LONG-TERM PAYABLES

	2012	2011
Payables for acquisition of mining rights	<b>8,398,834</b>	19,831,534
Entrusted investment	<b>88,586,376</b>	85,671,063
Deposit for Restoration and Improvement of Ecological Environment in Mines	<b>68,320,794</b>	68,320,794
Subtotal	<b>165,306,004</b>	173,823,391
Including: Long-term payables due within one year	<b>(31,880,000)</b>	(43,212,700)
	<b>133,426,004</b>	130,610,691

As at 31 December 2012, details of long-term payables are as follows:

Creditor	Period	Initial amount	Annual interest rate (%)	At 31 December 2012	Borrowing terms
Deposit for Restoration and Improvement of Ecological Environment in Mines (Note V.34 note 1)	Long-term	36,429,600	—	68,320,794	Unsecured and non-guaranteed
Committee of Jingmei Village (Note V.34 note 2)	10 years	22,146,063	—	32,561,376	Unsecured and non-guaranteed
Shanghang County Caixitongkang Village (Note V.34 note 3)	25 years	18,745,000	10	18,745,000	Unsecured and non-guaranteed
Shanghang Finance Bureau (Note V.34 note 6)	10 years	56,109,000	—	2,798,834	Unsecured and non-guaranteed
Committee of Shanghang County Jiuxianxiangshizhen Village	5 years	3,000,000	10	3,000,000	Unsecured and non-guaranteed
Shanghang Charity Federation (Note V.34 note 4)	10 years	8,000,000	10	8,000,000	Unsecured and non-guaranteed
		144,429,663		133,426,004	

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### \*13. LONG-TERM PAYABLES *(continued)*

As at 31 December 2011, details of long-term payables are as follows:

Creditor	Period	Initial amount	Annual interest rate (%)	At 31 December 2011	Borrowing terms
Deposit for Restoration and Improvement of Ecological Environment in Mines (Note V.34 note 1)	Long-term	36,429,600	—	68,320,794	Unsecured and non-guaranteed
Shanghang Finance Bureau (Note V.34 note 6)	10 years	56,109,000	—	8,398,834	Unsecured and non-guaranteed
Committee of Jingmei Village (Note V.34 note 2)	10 years	22,146,063	10	32,146,063	Unsecured and non-guaranteed
Shanghang Country Caixitongkang Village (Note V.34 note 3)	25 years	18,745,000	10	18,745,000	Unsecured and non-guaranteed
Committee of Shanghang County Jiuxianxiangshizhen Village	5 years	—	10	3,000,000	Unsecured and non-guaranteed
		133,429,663		130,610,691	

Maturity analysis of long-term payables is as below:

	2012	2011
Within 1 year or payable on demand	<b>31,880,000</b>	43,212,700
Over 1 year but within 2 years	<b>5,709,000</b>	10,000,000
Over 2 years but within 5 years	<b>59,396,210</b>	96,299,264
Over 5 years	<b>68,320,794</b>	24,311,427
Total	<b>165,306,004</b>	173,823,391



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 14. OPERATING INCOME AND OPERATING COSTS

An analysis of operating income:

	2012	2011
Revenue from principal operations	<b>11,943,312,946</b>	11,363,883,662
Revenue from other operations	<b>299,216,479</b>	175,292,579
	<b>12,242,529,425</b>	11,539,176,241

An analysis of operating costs:

	2012	2011
Cost of principal operations	<b>7,293,598,414</b>	6,788,665,583
Cost of other operations	<b>226,272,836</b>	154,090,585
	<b>7,519,871,250</b>	6,942,756,168

An analysis of operating income from principal operations and cost of principal operations by products:

	2012		2011	
	Revenue from principal operations	Cost of principal operations	Revenue from principal operations	Cost of principal operations
Gold bullion	5,842,689,488	1,673,575,962	5,473,132,946	1,121,378,321
Trading gold	5,129,522,164	5,079,840,847	5,339,729,803	5,344,102,870
Copper cathodes	115,945,870	123,962,296	70,655,722	85,751,863
Copper concentrates	754,523,277	334,288,096	360,814,285	147,878,123
Others	100,632,147	81,931,213	119,550,906	89,554,406
	<b>11,943,312,946</b>	<b>7,293,598,414</b>	11,363,883,662	6,788,665,583

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 14. OPERATING INCOME AND OPERATING COSTS *(continued)*

Operating income of the top five customers of the Company in 2012:

	2012	Proportion of revenue (%)
Shanghai Gold Exchange #	9,556,312,718	78.06
Shanghai Futures Exchange #	729,043,180	5.96
Zijin Copper	616,828,862	5.04
Xiamen Marketing	491,377,714	4.01
Meizhou Jincheng Industrial and Trading Company Limited	134,626,329	1.10
	<b>11,528,188,803</b>	<b>94.17</b>

Operating income of the top five customers of the Company in 2011:

	2011	Proportion of revenue (%)
Shanghai Gold Exchange #	10,405,785,465	90.18
Meizhou Jincheng Industrial and Trading Company Limited	416,191,105	3.61
Shanghai Futures Exchange #	185,492,637	1.61
Xiamen Marketing	95,907,404	0.83
Jinyi Copper	70,655,722	0.61
	<b>11,174,032,333</b>	<b>96.84</b>

# The ultimate customers are not listed in detail.



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 15. FINANCIAL EXPENSES

	2012	2011
Interest expenses:	<b>184,567,286</b>	169,493,548
<i>*Including: Bank loans</i>	<b>184,567,286</b>	169,493,548
Less: Interest income	<b>276,021,251</b>	172,241,573
Exchange losses/(gains)	<b>4,284,992</b>	(9,779,715)
Bank charges	<b>38,793,530</b>	51,443,937
Others	<b>(31)</b>	61
	<b>(48,375,474)</b>	38,916,258

For the year ended 31 December 2012, no interest was arising from impaired financial assets (2011: Nil).

\* Interests on bank loans that are wholly repayable within five years amounted to RMB184,567,286 (2011: RMB169,493,548).

#### 16. IMPAIRMENT LOSSES ON ASSETS

	2012	2011
Bad debt provision/(reversal) for trade and other receivables	<b>(2,000)</b>	861,392
Inventory provision	<b>4,121,410</b>	540,414
Impairment provision for available-for-sale investments	<b>113,975,059</b>	—
Impairment provision for other non-current assets	<b>45,000,000</b>	—
	<b>163,094,469</b>	1,401,806

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 17. INVESTMENT INCOME

	2012	2011
Gains on disposal of held-for-trading financial assets (Note 1)	<b>36,772,555</b>	11,317,864
Gains on disposal of available-for-sale investments	<b>53,444,577</b>	—
Investment income from long-term equity investments under the cost method	<b>1,845,581,211</b>	1,334,482,960
Investment income from long-term equity investments under the equity method	<b>64,655,526</b>	15,131,318
(Losses)/gains on disposal of subsidiaries	<b>(862,995)</b>	22,108,072
	<b>1,999,590,874</b>	1,383,040,214

\* The investment income from investments in listed and unlisted companies in 2012 are RMB66,606,308 and RMB1,932,984,566, respectively (2011: RMB1,898,746 and RMB1,381,141,468, respectively).

Note 1: During the year 2012, investment income resulting from disposal of held-for-trading financial assets included gains of RMB23,610,824 on settlement of future contracts (2011: RMB9,419,118).

Investees with the top five investment income from long-term equity investments under the cost method are as follows:

Investee	2012	2011	Reasons for variance with last period
Qinghai West	<b>600,000,000</b>	600,000,000	No change
Xinjiang Ashele	<b>459,000,000</b>	357,000,000	Increase in profit of the Investee for the year
Hunchun Zijin	<b>193,250,000</b>	—	Increase in profit of the Investee for the year
Chongli Zijin	<b>153,790,425</b>	108,774,369	Increase in profit of the Investee for the year
Guizhou Zijin	<b>153,000,000</b>	51,000,000	Increase in profit of the Investee for the year
Total	<b>1,559,040,425</b>	1,116,774,369	



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 17. INVESTMENT INCOME *(continued)*

Top five investment income from long-term equity investments under the equity method are as follows:

Investee	2012	2011	Reasons for variance with last period
Longyan Makeng	<b>31,196,933</b>	35,815,802	Fluctuation of the net profit from investee
Wancheng Commercial	<b>24,846,169</b>	32,986,875	Fluctuation of the net profit from investee
Zijin Tongguan	<b>8,200,222</b>	(34,381,511)	Fluctuation of the net profit from investee
Tibet Yulong	<b>412,202</b>	(19,289,848)	Fluctuation of the net profit from investee
Total	<b>64,655,526</b>	15,131,318	

Since there is no difference in the accounting policies and period adopted between the investees and the Company, investment income/loss was recognised based on the carrying amount of net profit/loss of the investees.

As at 31 December 2012, there are no material restrictions on the transfer of the investment income back to the Company.

## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 18. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

##### (1) Supplementary information to the statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2012	2011
Net profit	<b>4,811,234,558</b>	4,134,959,628
Add: Provision for impairment losses on assets	<b>163,094,469</b>	1,401,806
Depreciation of fixed assets	<b>168,519,694</b>	151,979,824
Amortisation of intangible assets	<b>31,169,702</b>	30,939,004
Amortisation of long-term deferred assets	<b>15,401,420</b>	15,096,787
Losses on disposal of fixed assets, intangible assets and other long-term assets	<b>4,126,227</b>	7,575,551
(Gains)/losses on changes in the fair value	<b>(56,431,517)</b>	991,265
Financial expenses	<b>223,360,816</b>	220,937,546
Investment income	<b>(1,975,980,050)</b>	(1,373,621,096)
Government grants	<b>(10,892,902)</b>	(10,326,172)
Increase in inventories	<b>(91,049,321)</b>	(86,927,675)
Increase in deferred tax assets	<b>(5,400,019)</b>	(45,541,900)
Increase in receivables from operating activities	<b>(848,881,911)</b>	(189,171,121)
Increase in payables from operating activities	<b>401,845,656</b>	72,230,387
Decrease in special reserve	—	(500,003)
Exchange losses/(gains)	<b>4,284,992</b>	(9,779,715)
Net cash flows from operating activities	<b>2,834,401,814</b>	2,920,244,116

##### (2) Cash and cash equivalents

	2012	2011
Cash	<b>3,372,140,093</b>	2,690,890,484
<i>Including: cash on hand</i>	<b>163,856</b>	253,884
<i>    cash at banks that can be drawn on demand</i>	<b>3,371,976,237</b>	2,690,636,600
Closing balance of cash and cash equivalents	<b>3,372,140,093</b>	2,690,890,484



## Notes to Financial Statements *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### XI. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

#### 19. COMMITMENTS

		2012	2011
Capital commitments			
Contracted, but not provided	Note 1	<b>219,323,566</b>	301,074,270
Investment commitments			
Contracted, but not provided	Note 2	<b>50,000,000</b>	83,538,000
Authorised, but not contracted for	Note VIII.8	—	99,000,000
		<b>50,000,000</b>	182,538,000

Note 1: As at 31 December 2012, the capital commitments related to the acquisition and construction of property, plant, machinery and equipment, and mining assets was RMB219,323,566 (2011: RMB301,074,270).

Note 2: Pursuant to a resolution at the board of directors' meetings in 2012, the Company decided to establish Gansu Zijin, a wholly-owned subsidiary with registered capital of RMB50,000,000. As at 31 December 2012, procedures for establishment had not yet been started, thus the investment fund has not been provided.

## Supplementary Information

For the year ended 31 December 2012

RMB

(English Translation for Reference Only)

### I. SUMMARY OF NON-RECURRING PROFIT OR LOSS

Item	2012
Net profit attributable to owners of the parent	<b>5,211,208,977</b>
Add/(less): Non-recurring profit or loss attributable to owners of the parent	
Gains on disposal of non-current assets	<b>40,896,945</b>
Government grants recognised in the income statement	<b>(91,978,060)</b>
Losses on changes in fair value from held-for-trading financial assets and financial liabilities, net investment gains on disposal of held-for-trading financial assets and liabilities and available-for-sale investment except for the effective portion of normal transactions qualified for hedge accounting (Note 1)	<b>(186,214,066)</b>
Other non-operating income and expenses other than the aforesaid items (Note 2)	<b>100,848,802</b>
	<b>5,074,762,598</b>
Impact on income tax	<b>64,942,617</b>
	<b>5,139,705,215</b>
Impact on the non-controlling interest (after tax)	<b>2,462,989</b>
	<b>5,142,168,204</b>

The non-recurring profit or loss of the Group was recognised under the China Securities Regulatory Commission ("CSRC") Announcement [2008] No.43, Explanatory Announcement No.1 on Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities. The forward contract transactions of the Group are related to the ordinary operating activities, of which the objects are the mineral products or similar mineral products of the Group, aimed at reducing the risk of significant profitability fluctuation from ordinary operations in accordance with the price fluctuation. The transactions of forward contracts are frequent and the Group has and will continue to engage in such forward contracts in the foreseeable future. For the above-mentioned reasons, the forward contracts are not classified as non-recurring profit or loss.

Notes to significant non-recurring profit or loss:

Note 1: Including the gains on changes in fair value of trading stock, funds and bonds amounted to RMB41,808,524, gains on disposal of stock amounted to RMB144,405,542.

Note 2: Including donations of RMB28,401,239 to the Shanghang Charity Federation and donations of RMB12,215,500 to the Bureau of Civil Affairs of Shanghang County.



## Supplementary Information *(continued)*

For the year ended 31 December 2012

RMB  
(English Translation for Reference Only)

### I. SUMMARY OF NON-RECURRING PROFIT OR LOSS *(continued)*

The non-recurring profit or loss included in non-operating income and non-operating expenses are as follows (breakdowns are the same with non-operating income and non-operating expenses.):

	2012
Non-recurring profits or losses on non-operating income	
Gains on disposal of non-current assets	1,834,059
<i>Including: gains on disposal of fixed assets</i>	1,834,059
Government grants	91,978,060
Penalty income	3,991,306
Gains on physical inventories	—
Others	123,094,988
Non-recurring profits or losses included in non-operating expenses	
Losses on disposal of non-current assets	42,731,004
<i>Including: losses on disposal of fixed assets</i>	42,731,004
Donations	190,096,198
Penalties	31,045,236
Losses on natural disasters	170,975
Inventory losses	1,431,836
Others	5,190,851

### II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

2012

Item		Return on net assets (%)		
		Fully diluted	Weighted average	Basic earnings per share (EPS)#
Net profit attributable to owners of the parent	5,211,208,977	18.49	19.70	0.24
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	5,142,168,204	18.25	19.44	0.24

2011

Item		Return on net assets (%)		
		Fully diluted	Weighted average	Basic EPS#
Net profit attributable to owners of the parent	5,712,569,100	22.84	24.52	0.26
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	5,720,610,726	22.87	24.55	0.26

## Supplementary Information *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### II. RETURN ON NET ASSETS AND EARNINGS PER SHARE *(continued)*

Net assets attributable to ordinary shareholders of the Company

	2012	2011
Net assets at 31 December attributable to ordinary shareholders of the Company	<b>28,181,588,753</b>	25,008,610,933
Weighted average net assets attributable to ordinary shareholders of the Company	<b>26,447,488,127</b>	23,298,913,166

The above-mentioned return on net assets and earnings per share were calculated according to the Announcement of CSRC: Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No.9 (revision 2010)

# There were no potential dilutive ordinary shares for the year ended 31 December 2012 (2011: Nil).

### III. ANALYTICAL REVIEW OF FLUCTUATION ON CONSOLIDATED FINANCIAL STATEMENT ITEMS

#### 1. Cash and cash equivalents

As compared with the balance as at 31 December 2011, the balance of cash and cash equivalents of the Group as at 31 December 2012 increased by RMB1,293,391 thousand (approximately 21%), which was mainly attributable to cash inflows from financing activities, the increase of sales, and cash outflows used in investing activities.

#### 2. Held-for-trading financial assets

As compared with the balance as at 31 December 2011, the balance of held-for-trading financial assets of the Group as at 31 December 2012 increased by RMB406,914 thousand (approximately 154%), which was mainly attributable to the increase in the stock investments and the fair value rise of gold forward contracts which were used to hedge the market risks arising from the gold leasing business.

#### 3. Bills receivable

As compared with the balance as at 31 December 2011, the balance of bills receivable of the Group as at 31 December 2012 had no significant change.

#### 4. Trade receivables

As compared with the balance as at 31 December 2011, the balance of trade receivables of the Group as at 31 December 2012 increased by RMB352,382 thousand (approximately 72%), which was mainly attributable to the increase in sales on credit to new customers.

#### 5. Prepayments

As compared with the balance as at 31 December 2011, the balance of prepayments of the Group as at 31 December 2012 decreased by RMB733,542 thousand (approximately 43%), which was mainly attributable that Zijin Real Estate's prepayments for land was transferred out to inventory since the title of land was transferred to Zijin Real Estate.



## Supplementary Information *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### III. ANALYTICAL REVIEW OF FLUCTUATION ON CONSOLIDATED FINANCIAL STATEMENT ITEMS *(continued)*

#### 6. Other receivables

As compared with the balance as at 31 December 2011, the balance of other receivables of the Group as at 31 December 2012 increased by RMB537,582 thousand (approximately 54%), which was mainly attributable to the increase in loans to government for early-stage land development.

#### 7. Inventories

As compared with the balance as at 31 December 2011, the balance of inventories of the Group as at 31 December 2012 increased by RMB4,442,196 thousand (approximately 62%), which was mainly attributable to the expansion of production capacity in certain subsidiaries.

#### 8. Other current assets

As compared with the balance as at 31 December 2011, the balance of other current assets of the Group as at 31 December 2012 increased by RMB102,097 thousand (approximately 17%), which was mainly attributable to the increase in deposits for forward contracts.

#### 9. Available-for-sale investments

As compared with the balance as at 31 December 2011, the balance of available-for-sale investments of the Group as at 31 December 2012 decreased by RMB361,999 thousand (approximately 39%), which was mainly attributable to the decrease in stock prices of the investees and disposal of part of available-for-sale investments.

#### 10. Long-term equity investments

As compared with the balance as at 31 December 2011, the balance of long-term equity investments of the Group as at 31 December 2012 increased by RMB1,206,719 thousand (approximately 38%), which was mainly attributable to the new investments in joint ventures.

#### 11. Fixed assets

As compared with the balance as at 31 December 2011, the balance of fixed assets of the Group as at 31 December 2012 increased by RMB5,450,140 thousand (approximately 54%), which was mainly attributable to the additions of fixed assets owing to the expansion of production.

#### 12. Construction in progress

As compared with the balance as at 31 December 2011, the balance of construction in progress of the Group as at 31 December 2012 increased by RMB496,078 thousand (approximately 6%), which was mainly attributable to the increase in construction projects owing to the expansion of production.

#### 13. Intangible assets

As compared with the balance as at 31 December 2011, the balance of intangible assets of the Group as at 31 December 2012 increased by RMB1,397,724 thousand (approximately 20%), which was mainly attributable to the additions of exploration and mining rights obtained through acquisition of subsidiaries.

## Supplementary Information *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### III. ANALYTICAL REVIEW OF FLUCTUATION ON CONSOLIDATED FINANCIAL STATEMENT ITEMS *(continued)*

#### 14. Long-term deferred assets

As compared with the balance as at 31 December 2011, the balance of long-term deferred assets of the Group as at 31 December 2012 had no significant change.

#### 15. Deferred tax assets

As compared with the balance as at 31 December 2011, the balance of deferred tax assets of the Group as at 31 December 2012 increased by RMB140,409 thousand (approximately 32%), which was mainly attributable to the increase in deferred tax assets generated from the deductible losses of subsidiaries.

#### 16. Other non-current assets

As compared with the balance as at 31 December 2011, the balance of other non-current assets of the Group as at 31 December 2012 increased by RMB314,695 thousand (approximately 10%), which was mainly attributable to the increase in the exploration expenditures.

#### 17. Short-term borrowings

As compared with the balance as at 31 December 2011, the balance of short-term borrowings of the Group as at 31 December 2012 increased by RMB2,584,759 thousand (approximately 68%), which was mainly because certain subsidiaries obtained new loans in order to meet production needs.

#### 18. Held-for-trading financial liabilities

As compared with the balance as at 31 December 2011, the balance of held-for-trading financial liabilities of the Group as at 31 December 2012 increased by RMB2,515,787 thousand (approximately 63%), which was mainly attributable to the expansion of the gold leasing business.

#### 19. Bills payable

As compared with the balance as at 31 December 2011, the balance of bills payable of the Group as at 31 December 2012 increased by RMB313,152 thousand, which was mainly attributable to the increase in purchases with bank acceptances and commercial acceptances to ease the financing pressure.

#### 20. Trade payables

As compared with the balance as at 31 December 2011, the balance of trade payables of the Group as at 31 December 2012 increased by RMB941,894 thousand (approximately 29%), which was mainly attributable to the increase in purchases of raw materials since certain subsidiaries commenced operations.

#### 21. Advances from customers

As compared with the balance as at 31 December 2011, the balance of advances from customers of the Group as at 31 December 2012 had no significant change.



## Supplementary Information *(continued)*

For the year ended 31 December 2012

RMB  
*(English Translation for Reference Only)*

### III. ANALYTICAL REVIEW OF FLUCTUATION ON CONSOLIDATED FINANCIAL STATEMENT ITEMS *(continued)*

#### 22. Taxes payable

As compared with the balance as at 31 December 2011, the balance of taxes payable of the Group as at 31 December 2012 had no significant change.

#### 23. Other payables

As compared with the balance as at 31 December 2011, the balance of other payables of the Group as at 31 December 2012 had no significant change.

#### 24. Long-term borrowings and current portion of non-current liabilities

As compared with the balance as at 31 December 2011, the long-term borrowings and current portion of non-current liabilities of the Group as at 31 December 2012 increased by RMB4,293,916 thousand (approximately 182%) and RMB319,423 thousand (approximately 148%), which were mainly attributable to the increase in bank financing to meet investment needs.

#### 25. Bonds payable

As compared with the balance as at 31 December 2011, the balance of bonds payable of the Group as at 31 December 2012 had no significant change.

#### 26. Deferred tax liabilities

As compared with the balance as at 31 December 2011, the balance of deferred tax liabilities of the Group as at 31 December 2012 increased by RMB220,700 thousand (approximately 97%), which was mainly attributable to the increase in the deferred tax liabilities arising from subsidiaries' fair value adjustments on exploration and mining rights of newly acquired subsidiaries.

#### 27. Other non-current liabilities

As compared with the balance as at 31 December 2011, the balance of other non-current liabilities of the Group as at 31 December 2012 increased by RMB278,192 thousand (approximately 314%), which was mainly attributable to the increase in government grants.

#### 28. Operating income

As compared with 2011, the balance of operating income of the Group in 2012 increased by RMB8,650,804 thousand (approximately 22%), which was mainly due to certain subsidiaries starting operations.

#### 29. Administrative expenses

As compared with 2011, the balance of administrative expenses of the Group of 2012 increased by RMB264,915 thousand (approximately 16%), mainly attributable to certain subsidiaries completing construction and commencing production in the current year.

## Supplementary Information *(continued)*

For the year ended 31 December 2012

RMB

*(English Translation for Reference Only)*

### III. ANALYTICAL REVIEW OF FLUCTUATION ON CONSOLIDATED FINANCIAL STATEMENT ITEMS *(continued)*

#### 30. Financial expenses

As compared with the balance of 2011, the balance of financial expenses of the Group of 2012 increased by RMB307,564 thousand (approximately 62%), which was mainly due to the expansion of financing.

#### 31. Impairment losses on assets

As compared with the balance of 2011, the balance of impairment losses on assets of the Group of 2012 increased by RMB67,842 thousand (approximately 33%), which was due to the impairment losses on the available-for-sale equity instruments with a prolonged decrease in fair value.

#### 32. Gains/(losses) on changes in the fair value

Gains on changes in the fair value in current year were RMB12,986 thousand (2011: losses of RMB57,131 thousand), which was mainly attributable to the gains on changes in the fair value of derivative financial instruments.

#### 33. Investment income

As compared with the balance of 2011, the balance of investment income of the Group of 2012 increased by RMB78,109 thousand (approximately 14%), which was mainly attributable to the increase in investment return generated from stock investments.

#### 34. Non-operating income

As compared with the balance of 2012, the balance of non-operating income of the Group of 2012 increased by RMB86,326 thousand (approximately 64%), which was mainly attributable to the reversal of compensation accrued which was over-accrued in the previous year.

#### 35. Non-operating expenses

As compared with 2011, the balance of non-operating expenses of the Group of 2012 decreased by RMB195,702 thousand (approximately 42%), which was mainly attributable to the decrease in donations, disposal of non-current assets and penalties.

#### 36. Income tax expenses

As compared with 2011, the balance of income tax expenses of the Group of 2012 had no significant change.



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