CCXAP affirms Zhaojin Mining Industry Company Limited's long-term credit rating at BBB_g+, with positive outlook.

Hong Kong, 6 August 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed the long-term credit rating of Zhaojin Mining Industry Company Limited ("Zhaojin Mining" or the "Company") at BBB_g+. The outlook is revised to positive given our expectation of improving credit metrics over the next 12-18 months.

The BBB_g+ long-term credit rating of Zhaojin Mining reflects the Company's (1) good market position in the gold mining industry with increasing resource reserves; (2) rising production scale with high production growth potential; (3) improved revenue and profitability due to rising gold prices and good cost management; and (4) strong synergy with Zijin Mining Group Co., Ltd. ("Zijin Mining"). However, the rating is also constrained by the Company's (1) earnings vulnerable to global economic conditions and gold price volatility; and (2) high debt leverage due to large capital expenditure.

The rating also reflects Zhaojin Mining's high likelihood of receiving strong support from its parent, Shandong Zhaojin Group Company Limited ("Zhaojin Group"), given its (1) status as the most important gold mining subsidiary of Zhaojin Group; and (2) the strong parent-subsidiary linkage with Zhaojin Group. It also reflects Zhaojin Mining's high likelihood of receiving support from Zhaoyuan City Government, given its (1) ultimate control by the local government; (2) important position in the local economic development; and (3) track record of receiving government support.

Corporate Profile

Founded in 2004, Zhaojin Mining (Stock Code: 1818.HK) is one of the leading gold mining companies in China engaged in the exploration, mining, smelting, and sales of gold, copper and silver, with principal products of standard Au9999 and Au9995 gold bullions. The Company was listed on the Stock Exchange of Hong Kong in 2006. As of 31 March 2026, Zhaojin Group directly held 33.28% of the equity interest in Zhaojin Mining, and indirectly held an additional 1.99% stake through its subsidiaries, bringing its total ownership to 35.27%. The Zhaoyuan Municipal State-owned Assets Supervision and Administration Bureau is the Company's ultimate controller. Zijin Mining, the Company's second-largest shareholder, held an 18.20% stake in the Company through its wholly owned subsidiary, Gold Mountains (H.K.) International Mining Company Limited.

Rating Rationale

Credit Strengths

Good market position in the gold mining industry with increasing resource reserves. Following the Company's realization of the "Half for Shandong, half for outside Shandong" development strategy, Zhaojin Mining has set an internationalization strategy of "Half for China, half for outside China", aiming to become a world-class gold mining company. Zhaojin Mining has strengthened its market position in the gold mining industry through internal exploration, as well as mergers and acquisitions of external resources, laying the foundation for long-term performance growth.

Rising production scale with high production growth potential. The gold mining business contributed around 90% of the Company's revenue in 2025. The mine-produced gold rose by 7.9% year-on-year ("YoY") to 19.8 tons, mainly driven by the successful commissioning of the AGN area at the Abujar Gold Mine, higher production from domestic operations, and the full-year consolidation of Abujar Gold Mine. As a result, the gold production (including mine-producing and processing gold) increased to 27.2 tons in 2025, representing a 2.9% YoY increase.

Strong synergy with Zijin Mining. Given that both the Company and Zijin Mining are large gold enterprises in China with rich experience in mine operation and management, we believe that strong synergy can be effectively generated between them, improving the operation quality and management efficiency of the Company. In addition, Zijin Mining's abundant experience in global mergers and acquisitions also provides solid support to the Company in achieving its internationalization strategy.

Improved revenue and profitability due to rising gold prices and good cost management. Zhaojin Mining's revenue increased further in 2025, mainly driven by rising gold prices and higher production volumes. The Company's total revenue increased significantly from RMB12.1 billion in 2024 to RMB18.8 billion in 2025, representing 55.5% YoY growth. The gross profit margin rose from 40.8% to 43.6% over the same period. The Company maintains good cost management, as its EBIT margin and return on average assets increased to 31.9% (2024: 22.7%) and 10.8% (2024: 5.5%), respectively.

High likelihood of receiving strong support from its parent. Zhaojin Mining has a high likelihood of receiving strong support from its parent, Zhaojin Group, given its (1) status as the most important gold mining subsidiary of Zhaojin Group; and (2) the strong parent-subsidiary linkage with Zhaojin Group. We also believe that Zhaojin Mining has a high likelihood of receiving support from Zhaoyuan City Government, considering its (1) ultimate ownership by the local government; (2) important position in the local economic development; and (3) track record of government support.

Credit Challenges

Earnings vulnerable to global economic conditions and gold price volatility. Considering that non-ferrous metal mining is a cyclical industry, metal prices have shown a strong correlation with global economic cycles, resulting in large price volatility during the economic downturn and recovery period in recent years. Zhaojin Mining's revenue and earnings are highly susceptible to fluctuations in gold prices.

High debt leverage due to large capital expenditure. Zhaojin Mining's debt leverage remains high due to ongoing project investments and external acquisitions. The Company's adjusted total debt decreased from RMB28.8 billion at end-2024 to RMB25.8 billion at end-2025, before increasing to RMB28.1 billion at end-2026Q1. In addition, the Company has high short-term repayment pressure, with short-term debt ratio of 52.0% and cash to short-term debt ratio of 0.5x as of 31 March 2026.

Rating Outlook

The change in outlook on Zhaojin Mining's rating to positive from stable reflects our expectation that the Company's credit metrics will continue to improve over the next 12-18 months, and its production scale will significantly expand following the full commencement of the Haiyu Gold Mine, which will strengthen its market position in the gold mining industry.

What could upgrade the rating?

The rating could be upgraded if (1) commodity prices rise substantially, further boosting the Company's profits; (2) the Company's market position strengthens with material increase in product output; and (3) the Company demonstrates lower debt leverage and improved credit metrics.

What could downgrade the rating?

The rating could be downgraded if (1) commodity prices fell sharply, adversely affecting the Company's earnings; (2) the Company's debt burden rose sharply with aggressive business expansion; or (3) the Company demonstrates deteriorated credit metrics and weakened liquidity profile.

Rating Methodology

The methodology used in this rating is the Rating Methodology for General Corporate (May 2026).

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:
http://www.ccxap.com/en/rating_services/category/6/

This rating is solicited. Please refer to CCXAP's Policy for designating and assigning Solicited and Unsolicited Credit Ratings available on its website at:
http://www.ccxap.com/en/rating_services/category/9/

The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

Regulatory disclosures contained here apply to press release, rating report, and if applicable, the related rating outlook or rating review.

CCXAP's public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means.

The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Peter Chong
Associate Director of Credit Ratings
+852-2860 7124
peter_chong@ccxap.com

Elle Hu
Executive Director of Credit Ratings
+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP's publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP's publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656