

**ZHAOJIN MINING INDUSTRY COMPANY LTD:
PATRIOTS: FRONT AND CENTRE, IF YOU PLEASE !**

Watch Out For Wilting Profits As The RMB Strengthens

As the translation value of the renminbi vis-à-vis the US dollar appreciates, so the profits of Zhaojin Mining Industry Company Ltd () (Code: 1818, Main Board, The Stock Exchange of Hongkong Ltd) will be clobbered.

As it is, since this Company went public in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the renminbi has appreciated not less than 3 percent.

That increase in the value of the renminbi vis-à-vis the US dollar has taken place in a period of about 2 months.

At the time of the **Initial Public Offering (IPO)** of Zhaojin Mining Industry on November 24, 2006, the exchange rate was \$HK1.00 = 1.02942 renminbi.

Today, the exchange rate is \$HK1.00:1.00 renminbi ... and the renminbi continues to gain in strength against the US dollar, almost on a weekly basis.

The Hongkong dollar, in turn, is linked to the US dollar at the rate of about \$HK7.78.

There is every expectation that the renminbi will continue to strengthen against the US dollar/Hongkong dollar and, with every material increase in its value against the 'hard' currencies of the world, the Bottom Line of Zhaojin Mining Industry will be affected.

It would be difficult to consider that the renminbi could be devalued against the US dollar due to the strength of the economy of one of the world's fastest-growing economies.

The other factor, which will, definitely, affect the profits of Zhaojin Mining Industry, is the price of gold on world markets.

Zhaojin Mining Industry is a gold miner in the PRC, proper, as opposed to the HKSAR: That is the very reason for its existence.

Gold has, historically, been a hedge in times of war because it tends to hold its value while the currencies of nearly all countries of the world tend to fluctuate violently in times of territorial political instability or international uncertainty, of just about any kind.

In view of today's situation, internationally, with the Middle East, nothing short of a tinderbox, waiting to explode at any minute, and with North Korea, growing more and more belligerent as the months go by, it is difficult to believe that the cost of gold on world commodity exchanges can come off very much, if at all.

But one never knows, of course.

The Flotation

Zhaojin Mining Industry went public on the Main Board of The Stock Exchange of Hongkong Ltd on November 24, 2006, when it pitched a Global Offering of 172.80 million, one renminbi Shares at \$HK12.68

per Share.

The number of valid applications for shares, when tallied, indicated that the Hongkong Offer Share tranche (17.28 million shares) had been over-subscribed by about 535 times.

As for the International Offer tranche (155.52 million shares), it was said to have been '*significantly over-subscribed*'.

A little juggling of figures and it was decided that both share tranches would be 86.40 million shares.

Then ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published,
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*