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Lingbao Gold Group Company Ltd.

靈寶黃金集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3330)

**FURTHER ANNOUNCEMENT
ON THE AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the announcement of Lingbao Group Company Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 March 2020 in relation to the unaudited annual results of the Group for the year ended 31 December 2019 (the “**Unaudited Annual Results Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

AUDITED ANNUAL RESULTS

The Board is pleased to announce that the Group’s auditor, KPMG, has completed its audit of the Group’s consolidated financial statements for the year ended 31 December 2019 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The audited annual results for the year ended 31 December 2019 were approved by the Board on 23 April 2020, details of which are set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

		2019	2018
	<i>Note</i>	<i>RMB'000</i>	<i>Note</i> <i>RMB'000</i>
Continuing operations:			
Revenue	3	5,874,357	3,781,660
Cost of sales		<u>(5,514,215)</u>	<u>(3,615,797)</u>
Gross profit		360,142	165,863
Other revenue	4	33,345	23,143
Other net loss	5	(110,369)	(334,011)
Selling and distribution expenses		(5,373)	(6,125)
Administrative expenses and other operating expenses		<u>(298,513)</u>	<u>(940,754)</u>
Loss from operations		(20,768)	(1,091,884)
Finance costs		<u>(182,464)</u>	<u>(256,277)</u>
Loss before taxation		(203,232)	(1,348,161)
Income tax	6	<u>(48,609)</u>	<u>169,236</u>
Loss for the year from continuing operations		(251,841)	(1,178,925)
Discontinued operations:			
Profit for the year from discontinued operations		<u>—</u>	<u>1,956,759</u>
(Loss)/profit for the year		<u>(251,841)</u>	<u>777,834</u>

Note:

The Group has also initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)*For the year ended 31 December 2019*

		2019	2018
	<i>Note</i>	<i>RMB'000</i>	<i>Note</i> <i>RMB'000</i>
Attributable to:			
Equity shareholders of the Company			
— continuing operations		(233,502)	(1,160,046)
— discontinued operations		<u>—</u>	<u>1,956,208</u>
		<u>(233,502)</u>	<u>796,162</u>
Non-controlling interests			
— continuing operations		(18,339)	(18,879)
— discontinued operations		<u>—</u>	<u>551</u>
		<u>(18,339)</u>	<u>(18,328)</u>
(Loss)/profit for the year		<u>(251,841)</u>	<u>777,834</u>
Basic and diluted (loss)/earnings per share			
<i>(RMB cents)</i>			
	8		
— continuing operations		(27.0)	(135.7)
— discontinued operations		<u>—</u>	<u>228.8</u>
		<u>(27.0)</u>	<u>93.1</u>

Note:

The Group has also initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	2019	2018
	<i>Note</i>	<i>Note</i>
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit for the year	<u>(251,841)</u>	<u>777,834</u>
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries		
— continuing operations	<u>(9,713)</u>	<u>(31,228)</u>
Total comprehensive income for the year	<u>(261,554)</u>	<u>746,606</u>
Attributable to:		
Equity shareholders of the Company		
— continuing operations	<u>(241,263)</u>	<u>(1,185,215)</u>
— discontinued operations	<u>—</u>	<u>1,956,208</u>
	<u>(241,263)</u>	<u>770,993</u>
Non-controlling interests		
— continuing operations	<u>(20,291)</u>	<u>(24,938)</u>
— discontinued operations	<u>—</u>	<u>551</u>
	<u>(20,291)</u>	<u>(24,387)</u>
Total comprehensive income for the year	<u>(261,554)</u>	<u>746,606</u>

Note:

The Group has also initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		2019	2018
	<i>Note</i>	RMB'000	<i>Note</i> RMB'000
Non-current assets			
Property, plant and equipment	9	1,320,365	1,325,917
Construction in progress		534,101	395,590
Intangible assets		644,497	630,205
Goodwill		4,717	4,717
Lease prepayments		—	122,737
Right-of-use assets		133,756	—
Interest in associates		22,531	22,531
Other financial assets		4,520	4,520
Investment deposits	10	18,800	84,600
Non-current prepayments		2,353	10,571
Deferred tax assets		338,171	347,025
Other non-current assets		14,265	27,347
		3,038,076	2,975,760
Current assets			
Inventories		1,477,971	1,029,544
Trade and other receivables, deposits and prepayments	11	214,401	2,833,085
Current tax recoverable		11,043	13,349
Pledged deposits		872,092	549,841
Cash and cash equivalents		318,671	811,237
		2,894,178	5,237,056
Current liabilities			
Bank and other borrowings	12	3,011,262	3,804,767
Trade and other payables	13	811,026	1,369,338
Contract liabilities		6,796	32,621
Lease liabilities		3,255	—
Current tax payable		39,608	131,475
		3,871,947	5,338,201
Net current liabilities		(977,769)	(101,145)
Total assets less current liabilities		2,060,307	2,874,615

Note:

The Group has also initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		2019	2018
	<i>Note</i>	RMB'000	<i>Note</i> RMB'000
Non-current liabilities			
Bank and other borrowings	<i>12</i>	406,015	765,184
Other payables	<i>13</i>	132,009	166,169
Lease liabilities		9,005	—
Deferred tax liabilities		10,256	5,836
		<u>557,285</u>	<u>937,189</u>
NET ASSETS		<u>1,503,022</u>	<u>1,937,426</u>
CAPITAL AND RESERVES			
Share capital		172,850	172,850
Reserves		1,479,486	1,893,599
Total equity attributable to equity shareholders of the Company		1,652,336	2,066,449
Non-controlling interests		(149,314)	(129,023)
TOTAL EQUITY		<u>1,503,022</u>	<u>1,937,426</u>

Note:

The Group has also initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

As at 31 December 2019, the Group had net current liabilities of RMB978 million, total borrowings of RMB3,417 million and capital commitments of RMB280 million. In view of these circumstances, the Directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance including banking facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 31 December 2019, taking into account the Group’s cash flow projection, including the Group’s unutilised banking facilities of RMB2,026 million, ability to renew or refinance the banking facilities upon maturity and ability to adjust the scheduled capital commitments, the Directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach. Comparative information has not been restated and continues to be reported under HKAS 17.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group’s consolidated statement of financial position:

	Carrying amount at 31 December 2018 RMB’000	Capitalisation of operating lease contracts RMB’000	Reclassification RMB’000	Carrying amount at 1 January 2019 RMB’000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:				
Lease prepayments	122,737	—	(122,737)	—
Right-of-use assets	—	12,018	127,745	139,763
Total non-current assets	2,975,760	12,018	5,008	2,992,786
Trade and other receivables, deposits and prepayments	2,833,085	—	(5,008)	2,828,077
Total current assets	5,237,056	—	(5,008)	5,232,048
Lease liabilities (current)	—	1,264	—	1,264
Total current liabilities	5,338,201	1,264	—	5,339,465
Net current liabilities	(101,145)	(1,264)	(5,008)	(107,417)
Total assets less current liabilities	2,874,615	10,754	—	2,885,369
Lease liabilities (non-current)	—	10,754	—	10,754
Total non-current liabilities	937,189	10,754	—	947,943
Net assets	1,937,426	—	—	1,937,426

3 REVENUE

The principal activities of the Group are mining, processing, smelting and sales of gold and other metallic products in the PRC.

Revenue represents the sales value of goods sold to customers, net of sales tax and value added tax.

(i) Disaggregation of Revenue

Disaggregation of revenue from contracts with customers by major products lines is as follow:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products lines		
Continuing operations:		
— Sales of gold	5,360,413	2,985,892
— Sales of other metals	461,670	680,275
— Others	53,286	118,116
Less: Sales taxes and levies	<u>(1,012)</u>	<u>(2,623)</u>
	<u>5,874,357</u>	<u>3,781,660</u>

All revenue was recognised at a point in time under HKFRS 15.

The Group has only one customer with whom transactions have exceeded 10% of the Group's revenues (2018: one). In 2019, revenues from sales of gold products to this customer amounted to approximately RMB5,102,970,000 (2018: RMB2,695,472,000) arose in the Henan Province, the PRC.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for other metals such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of other metals that had an original expected duration of one year or less.

4 OTHER REVENUE

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Continuing operations:		
Interest income on financial assets measured at amortised cost	23,854	11,410
Government grants	3,871	5,529
Others	5,620	6,204
	<u>33,345</u>	<u>23,143</u>

5 OTHER NET LOSS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Continuing operations:		
Net realised and unrealised loss on other financial instruments at fair value	12,764	426
Net unrealised loss on unlisted equities at fair value	—	9,125
Net loss/(income) on disposal of property, plant and equipment and intangible assets	4,095	(146)
Net foreign exchange (gain)/loss	(2,161)	4,155
Impairment losses of:	—	—
— property, plant and equipment	26,291	30,087
— intangible assets	—	21,551
— investment deposits	61,553	—
— non-current prepayment	—	174,580
Net loss on disposal of a subsidiary	—	89,718
Others	7,827	4,515
	<u>110,369</u>	<u>334,011</u>

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Continuing operations

(i) *Taxation in the consolidated statement of profit or loss represents:*

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Current tax — PRC income tax		
Provision for the year	35,886	2,044
(Over)/under-provision in respect of prior years	<u>(551)</u>	<u>1,028</u>
	----- 35,335	----- 3,072
Deferred tax		
Origination and reversal of temporary differences	<u>13,274</u>	<u>(172,308)</u>
	<u>48,609</u>	<u>(169,236)</u>

(ii) *Reconciliation between tax expense and accounting loss at applicable tax rates:*

	<i>Note</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Loss before taxation		<u>(203,232)</u>	<u>(1,348,161)</u>
Notional tax on loss before taxation, calculated at the rates applicable to the jurisdictions concerned	<i>(i) (ii) (iii)</i>	(41,295)	(313,514)
Effect of non-deductible expenses		2,322	4,981
Utilisation of temporary differences not recognised in previous years		(4,242)	(3,454)
Tax losses and temporary differences not recognised	<i>(iv)</i>	92,256	24,109
Current year's tax losses of continuing operations utilised in discontinued operations		—	117,058
(Over)/under-provision in prior years		(551)	1,028
Others		<u>119</u>	<u>556</u>
Actual tax expense		<u>48,609</u>	<u>(169,236)</u>

Note:

- (i) Under the Corporate Income Tax Law of the PRC (the “CIT Law”), which was passed by the Fifth Plenary Session of the Tenth National People’s Congress, effective from 1 January 2008, the Company and its PRC subsidiaries are subject to income tax at the statutory rate of 25%, unless otherwise specified.
- (ii) Hong Kong profits tax rate for 2019 is 16.5% (2018: 16.5%). No provision for Hong Kong profits tax is made as the subsidiary located in Hong Kong did not earn any income which is subject to Hong Kong profits tax.
- (iii) Kyrgyzstan corporate income tax rate (“KR CIT”) in 2019 is 0% (2018: 0%).

On 9 August 2012, the Parliament of Kyrgyz Republic passed the law on amendments and additions to the Tax Code of the Kyrgyz Republic (“Amended Tax Code”) which became effective from 1 January 2013. In accordance with the Amended Tax Code, starting from 1 January 2013 the KR CIT rate for gold mining companies is set at 0% and a revenue-based tax is introduced. Such revenue-based tax is recognised in “sales taxes and levies”.

- (iv) Considering the uncertainty of the future available taxable profits against which certain tax benefits can be utilised in the relevant tax jurisdiction and entity, the continuing operations of the Group has not recognised deferred tax assets of RMB92,256,000 (2018: RMB24,109,000) in respect of unused tax losses of RMB221,740,000 (2018: RMB75,216,000) and temporary differences of RMB147,284,000 (2018: RMB21,218,000) for the year ended 31 December 2019.

7 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period (2018: RMB0.20 per ordinary share)	—	172,850

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved during the year, of RMB0.20 per ordinary share	<u>172,850</u>	<u>—</u>

Among the above final dividend approved in respect of the previous financial year, RMB169,352,000 was paid during the year ended 31 December 2019.

8 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB233,502,000 (2018: earnings of RMB796,162,000) and the weighted average of 864,249,091 ordinary shares (2018: 854,720,324 ordinary shares) in issue during the year ended 31 December 2019, calculated as follows:

(i) Weighted average number of ordinary shares

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Issued ordinary shares at 1 January	864,249,091	770,249,091
Effect of new domestic shares issued on 7 February 2018	<u>—</u>	<u>84,471,233</u>
Weighted average number of ordinary shares	<u>864,249,091</u>	<u>854,720,324</u>

(ii) Consolidated (loss)/profit attributable to ordinary equity shareholders of the Company

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
(Loss)/profit attributable to equity shareholders of the Company		
— continuing operations	(233,502)	(1,160,046)
— discontinued operations	<u>—</u>	<u>1,956,208</u>
	<u>(233,502)</u>	<u>796,162</u>

(iii) (Loss)/earnings per share (RMB cents)

	2019 <i>RMB cents</i>	2018 <i>RMB cents</i>
Basic (loss)/earnings per share		
— continuing operations	(27.0)	(135.7)
— discontinued operations	—	228.8
	<u>(27.0)</u>	<u>93.1</u>

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for the current and the prior year is the same as the basic (loss)/earnings per share as there are no dilutive ordinary shares during the years.

9 PROPERTY, PLANT AND EQUIPMENT

Impairment loss of RMB26,291,000 was recognised in respect of a cash-generating unit (“CGU”), Lingbao Hongxin Mining Company Limited (“Hongxin”), which is under the mining — PRC reportable segment, during the year ended 31 December 2019. As there has been decreasing mineral reserves of Hongxin caused by deteriorating mining conditions in its area, the Group identified an impairment indicator of its property, plant and equipment, and performed an impairment assessment of the related assets based on their estimated recoverable amounts.

The recoverable amounts of the CGU are estimated using the present value of future cash flows based on the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using several key assumptions, including the expected gross margin, weighted average growth rate, useful life of the assets and pre-tax discount rate. The forecasted gross margin of 30% to 50% is based on past business performance and market participants’ expectations for market development. The weighted average growth rate used is 1.9% and consistent with the forecasts included in industry reports. The discount rate used is pre-tax of 16% and reflect specific risks relating to the mining segment and country.

As a result of the assessment, the Group recognised an impairment loss of RMB26,291,000 on the property, plant and equipment to reduce the carrying amount of this CGU to its recoverable amount of RMB28,642,000. The impairment loss was recorded in “other net loss” (note 5) in the consolidated statement of profit or loss for the year ended 31 December 2019.

10 INVESTMENT DEPOSITS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Investment deposits		
— Beijing Jiuyi (<i>note (a)</i>)	75,753	80,000
— Henan Asset Management (<i>note (b)</i>)	94,000	94,000
Less: Impairment losses	<u>(150,953)</u>	<u>(89,400)</u>
	<u>18,800</u>	<u>84,600</u>

Note:

- (a) During the year ended 31 December 2007, an investment deposit of RMB80,000,000 was paid to an independent third party, Beijing Jiuyi Investment Company Limited (“Beijing Jiuyi”), for acquiring certain company with mining assets situated in Gansu Province, the PRC. The relevant agreements in connection with this acquisition expired on 31 October 2009 and the acquisition was not completed as at 31 December 2009. An impairment loss of RMB80,000,000 was made in the consolidated financial statements for the year ended 31 December 2009.

During the year ended 31 December 2019, the Group received RMB4,247,000 and reversed the corresponding impairment loss of RMB4,247,000, which was recorded in “other net loss” (note 5) in the consolidated statement of profit or loss for the year ended 31 December 2019.

- (b) During the year ended 31 December 2018, an investment deposit of RMB94,000,000 was placed to an independent third party, Henan Assets Management Company (河南資產管理公司) (“Henan Assets Management”), for acquiring certain mining assets which are offered for sale through an open tender. After the Group has performed relevant due diligence work on the target mining assets, the Group decided to withdraw its investment intention and requested for a refund of the deposit. At 31 December 2018, Henan Assets Management had not returned the deposit back to the Group and the Group engaged a lawyer to lodge a claim against Henan Assets Management for full refund of the deposit. At 31 December 2018, the Group classified the investment deposit as non-current and has made an impairment loss of RMB9,400,000, which was mainly the impact arising from the discounting of the expected cash flow by effective interest rate.

In June 2019, the Group filed an application to the court in the PRC to reclaim the investment deposit of RMB94,000,000. The case was put in trials in the PRC court in August 2019. However, on 19 November 2019, a first instance court judgement has been rendered against the Group. In December 2019, the Group filed appeals and as at 31 December 2019, the lawsuit is still under review before Higher People’s Court of Henan Province. Based on the Group’s assessment on the claim and the PRC lawyer’s opinion, the Directors considered the recoverability of the above investment deposit due from Henan Assets Management is reduced. Therefore, at 31 December 2019, the Group has additionally made 70% impairment loss for the investment deposit of RMB65,800,000, which was recorded in “other net loss” (note 5) in the consolidated statement of profit or loss for the year ended 31 December 2019.

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade receivables, net of loss allowance	9,422	10,376
Bills receivable	<u>66,717</u>	<u>569,889</u>
	76,139	580,265
Other receivables, net of loss allowance (<i>note (b)</i>)	59,729	63,739
Amounts due from related parties	<u>20,277</u>	<u>1,896,965</u>
	80,006	1,960,704
Financial assets measured at amortised cost	<u>156,145</u>	<u>2,540,969</u>
Deposits and prepayments	<u>47,335</u>	<u>56,606</u>
Purchase deposits (<i>note (c)</i>)	797,444	1,023,844
Less: Allowance for non-delivery	<u>(786,523)</u>	<u>(788,334)</u>
	<u>10,921</u>	<u>235,510</u>
Amounts due from Beijing Jiuyi (<i>note (d)</i>)	<u>—</u>	<u>—</u>
	214,401	2,833,085

All of the trade and other receivables, deposits and prepayments are expected to be recovered within one year.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows.

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within three months	68,159	122,515
Over three months but less than six months	4,080	156,650
Over six months but less than one year	—	300,000
Over one year	<u>3,900</u>	<u>1,100</u>
At 31 December	76,139	580,265

For sales of gold, the Group requests customers to pay cash in full immediately upon the delivery. For sales of other metallic products, trade and bills receivables are due within 30 days to 180 days from the date of billing.

(b) Other receivables, net of loss allowance

The allowance for expected credit losses of other receivables as at 31 December is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Other receivables	99,517	80,387
Less: Allowance for expected credit losses	(39,788)	(16,648)
	<u>59,729</u>	<u>63,739</u>

During the year ended 31 December 2019, the Group recognised the loss allowance for expected credit losses of other receivables of RMB23,140,000 (31 December 2018: RMB7,172,000).

In measuring expected credit losses, the Group takes into account reasonable and supportable information that is available without undue cost or effort, which includes information about past events, current conditions and forecasts of future economic conditions.

(c) Purchase deposits

Purchase deposits represent the amounts paid by the Group in advance to suppliers to secure timely and stable supply of mineral sand for the purposes of refining in future periods.

The movement in the allowance for non-delivery of purchase deposits during the year is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
At 1 January	788,334	131,576
Impairment loss (reversed)/recognised	(1,811)	656,758
At 31 December	<u>786,523</u>	<u>788,334</u>

During the year ended 31 December 2019, the Group reversed impairment losses of purchase deposits of RMB40,000,000 (31 December 2018: Nil) due to the receipt of mineral sand from two suppliers and impairment provisions of RMB38,189,000 (31 December 2018: RMB656,758,000) was made based on the Group's reassessment of recoverability of purchase deposits.

The management considered that appropriate procedures have been taken by the Group to assess the capabilities of the suppliers to supply mineral sand and expect that the remaining purchase deposits of RMB10,921,000 as at 31 December 2019 would be gradually recovered through future purchases of mineral sand from the respective suppliers.

(d) Amounts due from Beijing Jiuyi

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Amounts due from Beijing Jiuyi	30,800	30,800
Less: Impairment losses	<u>(30,800)</u>	<u>(30,800)</u>
	<u>—</u>	<u>—</u>

The balance due from Beijing Jiuyi was relating to a compensation payment for a proposed acquisition in previous years, which was determined not to be recoverable.

12 BANK AND OTHER BORROWINGS

The analysis of the carrying amount of bank and other borrowings is as follows:

	At 31 December 2019 <i>RMB'000</i>	At 31 December 2018 <i>RMB'000</i>
Short-term bank and other borrowings:		
— Bank loans	2,698,378	2,754,646
— Loans from leasing companies	—	66,590
— Add: Current portion of long-term bank and other borrowings	<u>312,884</u>	<u>983,531</u>
	<u>3,011,262</u>	<u>3,804,767</u>
Long-term bank and other borrowings:		
— Bank loans	718,899	1,683,744
— Loans from leasing companies	—	64,971
— Less: Current portion of long-term bank and other borrowings	<u>(312,884)</u>	<u>(983,531)</u>
	<u>406,015</u>	<u>765,184</u>
	<u>3,417,277</u>	<u>4,569,951</u>

At 31 December 2019, the bank and other borrowings were repayable as follows:

	2019 RMB'000	2018 <i>RMB'000</i>
Within one year or on demand	<u>3,011,262</u>	<u>3,804,767</u>
Over one year but within two years	367,646	369,793
Over two years but within five years	<u>38,369</u>	<u>395,391</u>
	<u>406,015</u>	<u>765,184</u>
	<u>3,417,277</u>	<u>4,569,951</u>

At 31 December 2019, the bank and other borrowings were secured as follows:

	2019 RMB'000	2018 <i>RMB'000</i>
Bank and other borrowings		
— Secured	—	765,825
— Guaranteed	627,858	715,950
— Unsecured	<u>2,789,419</u>	<u>3,088,176</u>
	<u>3,417,277</u>	<u>4,569,951</u>

Certain of the Group's bank loan agreements were subject to the fulfilment of covenants imposing certain specific performance requirements on the Group. If the Group were to breach the covenants, bank loans drawn down would become payable on demand. As at 31 December 2019, certain covenants of one bank were breached by the Company. The Company obtained waiver from this bank, confirming that they do not treat the Company as having breached the relevant covenants under the existing loan agreement. This loan was due and repaid in February 2020.

13 TRADE AND OTHER PAYABLES

Current trade and other payables

	31 December 2019 RMB'000	31 December 2018 RMB'000
Bills payable	—	190,000
Trade payables	283,422	291,635
Other payables and accruals	331,438	317,814
Interest payables	2,888	11,526
Payable for mining rights	84,935	83,559
Deferred income	80,416	80,406
Payable to non-controlling interests	23,021	22,623
Payable to D&R Fund	—	15,000
Dividend payable	4,758	1,260
Amounts due to related parties	—	327,865
Financial liabilities at fair value through profit or loss	148	27,650
	811,026	1,369,338
Non-current other payables		
Decommissioning costs	55,528	52,625
Deferred income	76,481	78,544
Payable to D&R Fund	—	35,000
	132,009	166,169

The ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2019 RMB'000	2018 RMB'000
Within three months	221,201	243,378
Over three months but less than six months	5,859	7,481
Over six months but less than one year	38,485	18,512
Over one year but less than two years	3,585	15,774
Over two years	14,292	6,490
	283,422	291,635

14 CAPITAL COMMITMENTS

Capital commitments, representing purchase of property, plant and equipment and intangible assets outstanding at 31 December not provided for in the financial statements, were as follows:

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Authorised and contracted for	25,542	73,933
Authorised but not contracted for	254,281	493,407
	279,823	567,340

DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since financial information contained in the Unaudited Annual Results Announcement was neither audited nor agreed with KPMG as at the date of their publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

	<i>Note</i>	31 December 2019 <i>RMB'000</i> (Unaudited)	Adjustments <i>RMB'000</i>	31 December 2019 <i>RMB'000</i> (Audited)
Revenue	(1)	5,884,470	(10,113)	5,874,357
Cost of sales	(1)	<u>(5,524,328)</u>	10,113	<u>(5,514,215)</u>
Gross profit		<u>360,142</u>		<u>360,142</u>
Trade and other receivables, deposits and prepayments	(1)	<u>224,289</u>	(9,888)	<u>214,401</u>
Contract liabilities	(1)	<u>16,684</u>	(9,888)	<u>6,796</u>
Inventories	(2)	<u>1,469,380</u>	8,591	<u>1,477,971</u>
Trade and other payables	(2)	<u>802,435</u>	8,591	<u>811,026</u>

Notes:

- (1) These adjustments represent elimination of intra-group transactions or balances on consolidation.
- (2) This adjustment represents inventories for raw materials purchases already received but not yet recorded before year end date.

THE AUDIT COMMITTEE AND REVIEW OF 2019 RESULTS ANNOUNCEMENT

The Audit Committee has reviewed and discussed the audited annual results for the year ended 31 December 2019. The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on this announcement.

By order of the Board
Lingbao Gold Group Company Ltd.
Chen Jianzheng
Chairman

Henan, the PRC, 23 April 2020

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Chen Jianzheng, Mr. Xing Jiangze, Ms. Zhou Xing, Mr. Wang Leo and Mr. Zeng Xiangxin; two non-executive directors, namely Mr. Shi Yuchen and Mr. Zhang Feihu; and four independent non-executive directors, namely Mr. Yang Dongsheng, Mr. Han Qinchun, Mr. Wang Jiheng and Mr. Wang Guanghua.