

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



LINGJIN

灵 金

Lingbao Gold Company Ltd.

靈寶黃金股份有限公司

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

(Stock code: 3330)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

The board of directors (the “Board”) of Lingbao Gold Company Ltd. (the “Company”), is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2012, which have been reviewed by the Company’s Audit Committee.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	<i>Note</i>	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Turnover	3	6,393,306	5,720,835
Cost of sales		<u>(5,589,812)</u>	<u>(4,841,792)</u>
Gross profit		803,494	879,043
Other revenue	4	24,879	29,668
Other net loss	5	(1,078)	(36,661)
Selling and distribution expenses		(39,138)	(27,173)
Administrative expenses and other operating expenses		<u>(322,179)</u>	<u>(251,641)</u>
Profit from operations		465,978	593,236
Finance costs	6(a)	<u>(241,281)</u>	<u>(156,329)</u>
Profit before taxation	6	224,697	436,907
Income tax	7	<u>(59,807)</u>	<u>(128,121)</u>
Profit for the year		164,890	308,786
Attributable to:			
Equity shareholders of the Company		165,335	310,562
Non-controlling interests		<u>(445)</u>	<u>(1,776)</u>
Profit for the year		<u>164,890</u>	<u>308,786</u>
Basic and diluted earnings per share (cents)	9	<u>21</u>	<u>40</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012 <i>RMB'000</i>	2011 RMB'000
Profit for the year	164,890	308,786
Other comprehensive income for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>419</u>	<u>2,515</u>
Total comprehensive income for the year	<u>165,309</u>	<u>311,301</u>
Attributable to:		
Equity shareholders of the Company	165,651	309,434
Non-controlling interests	<u>(342)</u>	<u>1,867</u>
Total comprehensive income for the year	<u>165,309</u>	<u>311,301</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	<i>Note</i>	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		2,024,469	1,954,144
Construction in progress		369,741	331,830
Intangible assets		695,465	676,651
Goodwill		41,404	41,404
Lease prepayments		175,075	149,903
Other investments		10,504	10,504
Long-term receivables		–	39,531
Non-current prepayments		32,403	17,613
Deferred tax assets		143,831	115,699
		<u>3,492,892</u>	<u>3,337,279</u>
Current assets			
Inventories		3,267,561	2,042,117
Trade and other receivables, deposits and prepayments	<i>11</i>	832,407	782,073
Assets classified as held for sale		20,123	20,123
Pledged deposits		36,140	30,000
Cash and cash equivalents		267,935	349,568
Current tax recoverable		1,976	–
		<u>4,426,142</u>	<u>3,223,881</u>
Current liabilities			
Bank loans		2,779,345	1,502,072
Other loan		2,378	2,675
Trade and other payables	<i>12</i>	1,186,691	908,667
Loan from ultimate holding company		23,800	23,800
Current tax payable		21,898	17,655
		<u>4,014,112</u>	<u>2,454,869</u>
Net current assets		<u>412,030</u>	<u>769,012</u>
Total assets less current liabilities		<u>3,904,922</u>	<u>4,106,291</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**At 31 December 2012*

	<i>Note</i>	2012 RMB'000	2011 RMB'000
Non-current liabilities			
Debenture payable		700,000	700,000
Bank loans		734,562	1,029,609
Other payables	<i>12</i>	35,617	22,978
Deferred tax liabilities		93	7,338
		<u>1,470,272</u>	<u>1,759,925</u>
NET ASSETS		<u>2,434,650</u>	<u>2,346,366</u>
CAPITAL AND RESERVES			
Share capital		154,050	154,050
Reserves		<u>2,233,906</u>	<u>2,145,280</u>
Total equity attributable to equity shareholders of the Company		2,387,956	2,299,330
Non-controlling interests		<u>46,694</u>	<u>47,036</u>
TOTAL EQUITY		<u>2,434,650</u>	<u>2,346,366</u>

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”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. 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 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 and the Company. 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.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following development is relevant to the Group’s financial statements:

Amendments to HKFRS 7, Financial instruments: Disclosures – Transfers of financial assets

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 TURNOVER

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

Turnover represents the sales value of goods sold to customers, net of sales tax and value added tax. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Sales of:		
– Gold	4,694,853	4,203,270
– Other metals	1,666,819	1,470,326
– Others	38,119	56,590
Less: Sales taxes and levies	<u>(6,485)</u>	<u>(9,351)</u>
	<u>6,393,306</u>	<u>5,720,835</u>

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenues. In 2012, revenues from sales of gold products to this customer amounted to approximately RMB4,694,853,000 (2011: RMB4,203,270,000) arose in the Henan Province, the PRC.

4 OTHER REVENUE

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Bank interest income	4,506	4,041
Delivery service income	3,139	6,591
Government grants	12,980	8,742
Scrap sales	2,957	3,899
Dividend income from other investments	–	6,300
Sundry income	<u>1,297</u>	<u>95</u>
	<u>24,879</u>	<u>29,668</u>

5 OTHER NET LOSS

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Net realised and unrealised gain/(loss) on financial instruments at fair value	5,940	(13,358)
Net loss on disposal of property, plant and equipment, construction in progress and intangible assets	(35)	(1,944)
Net foreign exchange losses	(1,250)	(13,397)
Impairment of property, plant and equipment, intangible assets, construction in progress and goodwill	(4,349)	(10,852)
Gain on disposal of subsidiaries	–	4,640
Others	<u>(1,384)</u>	<u>(1,750)</u>
	<u>(1,078)</u>	<u>(36,661)</u>

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
(a) Finance costs:		
Interest expenses on bank advances wholly repayable within five years	195,758	139,837
Interest expenses on debentures	45,606	28,143
Interest expenses on other loans	–	1,589
Other borrowing costs	<u>3,735</u>	<u>2,109</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	245,099	171,678
Less: interest expenses capitalised into construction in progress*	<u>(3,818)</u>	<u>(15,349)</u>
	<u>241,281</u>	<u>156,329</u>

* *The borrowing costs have been capitalised at a rate of 5.70%~6.76% per annum (2011: 5.31% ~ 6.56%).*

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
(b) Staff costs#:		
Salaries, wages and bonuses	301,799	227,543
Staff welfare	18,704	17,587
Contributions to retirement benefit schemes	<u>29,586</u>	<u>25,405</u>
	350,089	270,535
Less: Staff costs capitalised into construction in progress	<u>(31,090)</u>	<u>(33,972)</u>
	<u>318,999</u>	<u>236,563</u>

6 PROFIT BEFORE TAXATION *(continued)*

	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
(c) Other items:		
Cost of inventories	5,589,812	4,841,792
Amortisation of lease prepayments	4,584	2,656
Amortisation of intangible assets [#]	14,406	7,503
Depreciation [#]	252,010	196,503
Less: Depreciation capitalised into construction in progress	(1,446)	(4,357)
	250,564	192,146
Provision of impairment losses on:		
– trade and other receivables	2,764	507
– purchase deposits	4,263	3,434
– non-current prepayment	–	1,000
– fixed asset and construction in progress	–	5,930
– intangible assets	4,349	4,922
Operating lease charges in respect of properties	3,130	2,660
Auditors' remuneration	4,626	4,383
Research and development expenses	34,828	9,098
Pollution discharge fee	5,835	2,479
Environmental rehabilitation fee	16,075	16,136

[#] *Cost of inventories includes RMB424,580,000 (2011: RMB323,930,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.*

7 **INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT**

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Current tax – PRC income tax		
Provision for the year	94,080	139,228
Under-provision in respect of prior years	999	5,798
	95,079	145,026
Deferred tax		
Origination and reversal of temporary differences	(33,975)	(16,905)
Effect on deferred tax balance resulting from a change in tax rate	(1,297)	–
	(35,272)	(16,905)
	59,807	128,121

8 **DIVIDENDS**

Dividends payable to equity shareholders of the Company attributable to the year

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of RMB0.07 (2011: RMB0.10) per ordinary share	53,917	77,025

Pursuant to a resolution passed at the directors' meeting on 26 March 2013, a final dividend in respect of the year ended 31 December 2012 of RMB0.07 (2011: RMB0.10) per share totalling RMB53,917,436 (2011: RMB77,024,909) was proposed for shareholders' approval at the annual general meeting. Final dividend of RMB53,917,436 (2011: RMB77,024,909) proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB165,335,000 (2011: RMB310,562,000) and 770,249,091 (2011: 770,249,091) ordinary shares in issue during the year.

(b) Diluted earnings per share

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

10 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of business lines (production processes, products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. Operating segments with similar nature of the production process, products and services have been aggregated to form the following reportable segments.

Mining – PRC	–	Gold mining and mineral ores processing operations in the PRC
Mining – Kyrgyz Republic (“KR”)	–	Gold mining and mineral ores processing operations in the KR
Smelting	–	Gold and other metal smelting and refinery operations carried out in the PRC.
Copper processing	–	Copper processing operation carried out in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets, deferred tax assets and current assets with the exception of investments in financial assets and other corporate assets managed by head office. Segment liabilities include trade creditors and accruals attributable to the activities of the individual segments, deferred tax liabilities and bank and other borrowings managed directly by the segments with the exception of bank borrowings managed by head office.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of goods, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

10 SEGMENT REPORTING (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2012 and 2011 is set out below.

	Mining – PRC		Mining – KR		Smelting		Copper processing		Total	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Revenue from external customers	-	-	-	-	5,439,351	4,764,995	960,440	965,191	6,399,791	5,730,186
Inter-segment revenue	1,039,286	876,135	140,206	-	256,317	501,111	-	-	1,435,809	1,377,246
Sales tax	(142)	(53)	-	-	(6,338)	(8,023)	(5)	(1,275)	(6,485)	(9,351)
Reportable segment revenue	<u>1,039,144</u>	<u>876,082</u>	<u>140,206</u>	<u>-</u>	<u>5,689,330</u>	<u>5,258,083</u>	<u>960,435</u>	<u>963,916</u>	<u>7,829,115</u>	<u>7,098,081</u>
Reportable segment profit/(loss)	<u>323,465</u>	<u>271,262</u>	<u>28,158</u>	<u>(8,493)</u>	<u>189,490</u>	<u>470,411</u>	<u>61,792</u>	<u>54,954</u>	<u>602,905</u>	<u>788,134</u>
Reportable segment assets	<u>1,973,618</u>	<u>1,809,329</u>	<u>851,995</u>	<u>804,961</u>	<u>3,729,502</u>	<u>2,523,976</u>	<u>1,406,607</u>	<u>1,344,497</u>	<u>7,961,722</u>	<u>6,482,763</u>
Reportable segment liabilities	<u>770,223</u>	<u>659,015</u>	<u>872,040</u>	<u>835,112</u>	<u>2,572,942</u>	<u>1,465,756</u>	<u>1,162,767</u>	<u>1,129,005</u>	<u>5,377,972</u>	<u>4,088,888</u>
Other segment information										
Interest expenses	(24,869)	(25,793)	(16,532)	(2,705)	(88,999)	(21,222)	(33,472)	(35,974)	(163,872)	(85,694)
Net foreign exchange gain/(losses)	1	26	(106)	2,327	81	(500)	663	(6,561)	639	(4,708)
Depreciation and amortisation for the year	(123,099)	(104,560)	(47,801)	(3,684)	(43,567)	(34,852)	(49,059)	(44,134)	(263,526)	(187,230)
Provision of impairment on:										
– trade and other receivables	-	(224)	-	-	(653)	(90)	(2,111)	(8)	(2,764)	(322)
– purchase deposits	-	-	-	-	(4,263)	(3,434)	-	-	(4,263)	(3,434)
– intangible assets	(4,349)	(4,922)	-	-	-	-	-	-	(4,349)	(4,922)
– fixed assets and construction in progress	-	-	-	(5,930)	-	-	-	-	-	(5,930)

10 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Revenue		
Reportable segment revenue	7,829,115	7,098,081
Elimination of inter-segment revenue	<u>(1,435,809)</u>	<u>(1,377,246)</u>
Consolidated revenue	<u>6,393,306</u>	<u>5,720,835</u>
Profit		
Reportable segment profit	602,905	788,134
Elimination of inter-segment profits	<u>(58,426)</u>	<u>(104,237)</u>
Reportable segment profit derived from the Group's external customers	544,479	683,897
Other net loss	(1,078)	(36,661)
Finance costs	(241,281)	(156,329)
Unallocated head office and corporate expenses	<u>(77,423)</u>	<u>(54,000)</u>
Consolidated profit before taxation	<u>224,697</u>	<u>436,907</u>
Assets		
Reportable segment assets	7,961,722	6,482,763
Elimination of inter-segment receivables	(326,261)	(276,542)
Elimination of unrealised profits	<u>(143,876)</u>	<u>(91,761)</u>
Other investments	7,491,585	6,114,460
Cash and cash equivalents managed by head office	10,504	10,504
Unallocated head office and corporate assets	<u>38,755</u>	<u>79,986</u>
Consolidated total assets	<u>7,919,034</u>	<u>6,561,160</u>
Liabilities		
Reportable segment liabilities	5,377,972	4,088,888
Elimination of inter-segment payables	<u>(326,261)</u>	<u>(276,542)</u>
Unallocated head office and corporate liabilities	5,051,711	3,812,346
	<u>432,673</u>	<u>402,448</u>
Consolidated total liabilities	<u>5,484,384</u>	<u>4,214,794</u>

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade and other receivables, deposits and prepayments comprise:

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Trade receivables	432,214	375,855
Bills receivable	100,879	45,968
Less: Allowance for doubtful debts	<u>(5,810)</u>	<u>(3,699)</u>
	----- 527,283	----- 418,124
Other receivables, deposits and prepayments	236,590	322,270
Less: Allowance for doubtful debts	<u>(2,279)</u>	<u>(1,626)</u>
	----- 234,311	----- 320,644
Purchase deposits	98,515	64,744
Less: Allowance for non-delivery	<u>(27,781)</u>	<u>(23,518)</u>
	----- 70,734	----- 41,226
Deposits for derivative financial instruments	79	2,079
Amount due from Beijing Jiuyi	<u>-</u>	<u>-</u>
	----- 79	----- 2,079
	<u><u>832,407</u></u>	<u><u>782,073</u></u>

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

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(a) Ageing analysis

Included in trade and bills receivables (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period:

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Within three months	334,672	287,649
Over three months but less than six months	182,599	97,456
Over six months but less than one year	9,000	32,145
Over one year but less than two years	1,012	874
	<u>527,283</u>	<u>418,124</u>
At 31 December	<u><u>527,283</u></u>	<u><u>418,124</u></u>

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 90 days to 180 days from the date of billing.

(b) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Neither past due nor impaired	526,271	385,105
Less than one year past due	1,012	33,019
	<u>527,283</u>	<u>418,124</u>
	<u><u>527,283</u></u>	<u><u>418,124</u></u>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(c) Impairment of trade and other receivables

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly.

The movement in the allowance for doubtful receivables during the year is as follows:

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
At 1 January	5,325	4,818
Impairment loss recognised	2,764	507
Impairment loss written back	<u>—</u>	<u>—</u>
At 31 December	<u>8,089</u>	<u>5,325</u>

At 31 December 2012, the Group's trade and other receivables of RMB8,089,000 (2011: RMB5,325,000) were individually determined to be impaired.

(d) 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 directors of the Company consider that appropriate procedures have been taken by the Group to assess the capabilities of the suppliers to supply mineral sand and expect that the purchase deposits would be gradually recovered through future purchases of mineral sand from the respective suppliers.

(e) Deposits for derivative financial instruments

The Group had respectively placed deposits of RMB79,000 (2011: RMB2,079,000) with independent futures trading agents for commodity derivative contracts entered into by the Group in the normal course of business primarily to protect the Group from the impact of price fluctuations in gold and copper commodities. The notional amounts of the Group's commodity derivative contracts at 31 December 2012 and 2011 were nil.

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(f) Amount due from Beijing Jiuyi

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Amount due from Beijing Jiuyi	30,800	30,800
Less: Impairment losses	<u>(30,800)</u>	<u>(30,800)</u>
	<u><u>–</u></u>	<u><u>–</u></u>

The balance due from Beijing Jiuyi was relating to a compensation payment for a proposed acquisition in previous years. The directors considered the balance of RMB30,800,000 would not be recoverable and accordingly, an impairment loss was provided.

12 TRADE AND OTHER PAYABLES

Current trade and other payables:

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Bills payable	–	30,000
Trade payables	599,936	387,553
Other payables and accruals	358,287	303,681
Payable for mining rights	87,897	87,733
Deferred income (note (a))	100,774	60,080
Dividend payable	3,487	3,119
Payable to non-controlling interests (note (b))	<u>36,310</u>	<u>36,501</u>
	<u><u>1,186,691</u></u>	<u><u>908,667</u></u>
Non-current other payables		
Payable for mining rights	–	3,509
Decommissioning costs	14,369	4,238
Deferred income (note (a))	<u>21,248</u>	<u>15,231</u>
	<u><u>35,617</u></u>	<u><u>22,978</u></u>

(a) Deferred income represents grants received from the government for the exploration of mines and construction of mining related assets. When certain conditions are met, the government grants are recognised as income over the periods necessarily to match them with the related costs of assets constructed which they are intended to compensate over the periods and in the proportion in which depreciation on those assets is charged.

(b) Payable to non-controlling interests is unsecured, interest free and repayable on demand.

12 TRADE AND OTHER PAYABLES (Continued)

Included in trade and other payables are trade payables with the following ageing analysis as of the end of the reporting period:

	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Within three months	558,814	371,744
Over three months but less than six months	21,491	11,094
Over six months but less than one year	11,227	2,017
Over one year but less than two years	6,460	715
Over two years	1,944	1,983
	599,936	387,553

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Business

In 2012, the Group produced approximately 16,353 kg (equivalent to approximately 525,761 ounce) gold, representing an increase of approximately 1,461 kg (equivalent to approximately 46,972 ounce) or 9.8% as compared with the previous year. The Group's turnover increased by 11.8% to approximately RMB6,393,306,000. The profit attributable to the equity shareholders of the Company for the year was approximately RMB165,335,000, representing a decrease of approximately 46.8% as compared with the previous year. The Company's basic earnings per share was RMB0.21. The decrease was mainly due to increase in cost of raw materials for smelting operations and finance costs.

Given that raw materials accounted for over 82% of total production cost, the Group intends to increase its self-produced output of mine gold through expansion of mining operation, and uplift the overall production and operation targets, so as to minimise the risks associated with raw materials purchased from outsiders.

1. Mining Segment

Turnover and production

Our mining business mainly comprises the sales of gold concentrates and compound gold. Most of the gold concentrates and compound gold were sold to the Group's smelting plants as inter-segment sales.

The following table sets forth the analysis on the production and sales volume of the mining segment by product category:

		2012		2011	
	Unit	Approximate production volume	Approximate sales volume	Approximate production volume	Approximate sales volume
Gold concentrates (contained gold)	kg	2,801	2,708	2,061	1,992
Compound gold	kg	1,218	1,184	883	904
Total	kg	4,019	3,892	2,944	2,896
Total	ounce	129,214	125,131	94,652	93,109

The total turnover of the mining segment of the Group for 2012 was approximately RMB1,179,350,000, representing an increase of approximately 34.6% from approximately RMB876,082,000 in 2011. During the year, turnover of gold mines in Henan, Xinjiang, Inner Mongolia and KR represented approximately 60.8%, 23.8%, 3.5% and 11.9% of the total turnover of the mining segment respectively. The production volume of compound gold of the Group increased by approximately 335 kg to approximately 1,218 kg while the production volume of its gold concentrates increased by approximately 740 kg to approximately 2,801 kg.

There was an increase in gold production, which was mainly due to Chifeng Jinchan Mining Company Limited (“Chifeng Jinchan”) completed a number of safety facilities upgrade works with production resumed in the second half of 2012, and Full Gold Mining Limited Liability Company (“Full Gold”) located at KR commenced its mining at the end of 2011. In 2012, Full Gold strived to overcome the complex operating environment in KR and its production gradually recovered from the difficult environment with approximately output of mined gold of 621 kg during the year.

In 2013, the Group has arranged tunnel exploration works of 88,700m. It is expected to obtain 1.81 million tonnes of ore tonnage.

Segment results

The Group’s results of the mining segment for 2012 was approximately RMB351,623,000, representing an increase of approximately 33.8% from approximately RMB262,769,000 in 2011. The segment result to segment turnover ratio of the Group’s mining segment for 2012 was approximately 29.8%, resulting in a decrease of approximately 0.2% from approximately 30.0% in 2011.

2. Smelting Segment

Our smelting plant is situated in Henan Province, and is capable of processing gold, silver, copper and sulphur. Its main products include gold bullion, silver, copper products and sulphuric acid. The following table sets forth the analysis on the production and sales volume of the smelting segment by product category:

Product	Unit	2012		2011	
		Approximate production volume	Approximate sales volume	Approximate production volume	Approximate sales volume
Gold bullion	kg	16,353	13,421	14,892	12,693
	ounce	525,761	431,495	478,789	408,089
Silver	kg	45,498	24,509	56,521	42,300
	ounce	1,462,795	787,983	1,817,192	1,359,977
Copper products	tonne	13,737	16,654	15,555	12,183
Sulphuric acid	tonne	149,911	149,460	153,903	154,180

Sales and production

The Group’s total turnover from the smelting segment for 2012 was approximately RMB5,689,330,000, representing an increase of approximately 8.2% from approximately RMB5,258,083,000 in 2011. Such increase was principally attributable to the increase in the sales of gold bullion as a result of an approximate 5.6% and 5.7% increase in selling price and sales volume of gold bullion as compared with the previous year.

The daily processing capacity of the Group is approximately 1,000 tonnes of gold concentrates, and capacity utilisation rate was approximately 100%. The Group's production volume of gold, silver, copper and sulphuric acid increase/(decrease) of approximately 9.8%, (19.5)%, (11.7)% and (2.6)% respectively as compared with the previous year. During the year, the gold recovery rate was approximately 96.0%, the silver recovery rate was approximately 70.2% and the copper recovery rate was approximately 95.7%. The recovery rates remained at high level.

Segment results

Our smelting segment results for 2012 was approximately RMB189,490,000, representing a decrease of approximate 59.7% from approximately RMB470,411,000 in 2011. The segment results to segment turnover ratio of our smelting business in 2012 was approximately 3.3%, decreasing by approximately 5.6% from approximately 8.9% in 2011.

FINANCIAL INFORMATION

1. Operating Results

Turnover

The Group's sales analysis by products is shown as follows:

	2012			2011		
	Amount	Sales volume	Unit price	Amount	Sales volume	Unit price
	(RMB'000)	(kg/tonne)	(RMB per kg/tonne)	(RMB'000)	(kg/tonne)	(RMB per kg/tonne)
Gold bullion	4,694,853	13,421 kg	349,814	4,203,270	12,693 kg	331,149
Silver	142,669	24,401 kg	5,847	278,673	42,151 kg	6,611
Copper products	563,710	11,454 tonnes	49,215	226,462	4,136 tonnes	54,754
Copper foils	960,440	13,951 tonnes	68,844	965,191	13,112 tonnes	73,611
Sulphuric acid	38,119	149,460 tonnes	255	56,590	153,904 tonnes	368
Turnover before tax	6,399,791			5,730,186		
Less: Sales tax	(6,485)			(9,351)		
	<u>6,393,306</u>			<u>5,720,835</u>		

The Group's turnover for 2012 was approximately RMB6,393,306,000, representing an increase of approximate 11.8% as compared with the previous year, of which the turnover of gold bullion accounted for 73.4% of its total turnover. Such increase was mainly attributable to the increase in our sales volume and average selling price of gold bullion sold of approximately 5.7% and 5.6% respectively and the increase in the sales volume of copper products of approximately 176.9% during the year.

The Group commenced its copper processing business during the year 2008, mainly involving the production of copper foil. In 2012, the production and sales volume of copper foil were 14,429 tonnes and 13,951 tonnes respectively, representing an increase of approximately 11.0% and 6.4% respectively as compared with last year. In 2012, Lingbao Wason Copper-Foil Company Limited accelerated its product upgrade. It was able to produce high-end 12mm and 9mm lithium-foil, which is one of the focus of hi-tech industry in Sanmenxia City, Henan Province.

Gross profit and gross profit margin

The Group's gross profit and gross profit margin for 2012 were approximately RMB803,494,000 and 12.6% respectively, representing a decrease of approximately 8.6% and 2.8% respectively as compared with 2011. The decrease in gross profit and gross profit margin were mainly attributable to the increase in the exploitation costs of mines and the rising costs of raw materials.

Other revenue

The Group's other revenue for 2012 was approximately RMB24,879,000, representing a decrease of approximately 16.1% as compared with approximately RMB29,668,000 for 2011. Such decrease was principally attributable to the decrease in the other investment dividend income of RMB6,300,000.

Other net loss

The Group's other net loss for 2012 was approximately RMB1,078,000, representing a decrease of approximately 97.1% as compared with a net loss of approximately RMB36,661,000 for 2011. Such decrease was mainly attributable to the realised and unrealised gain from derivative financial instruments of approximately RMB5,940,000, loss for the prior year of approximately RMB13,358,000, and the foreign exchange loss of approximately RMB1,250,000, representing a decrease of approximately 90.7% as compared to last year.

Selling and distribution expenses

The Group's selling and distribution expenses for 2012 were approximately RMB39,138,000, representing an increase of approximately 44.0% as compared with the previous year. Such increase was mainly attributable to the increase in sales of gold concentrates in Full Gold and copper foil and correspondingly increase in selling and distribution expenses.

Administrative expenses and other operating expenses

The Group's administrative expenses and other operating expenses for 2012 were approximately RMB322,179,000, representing an increase of approximately 28.0% as compared with approximately RMB251,641,000 for 2011. The increase was mainly attributable to the expansion of the production and operation scale of the Group.

Finance costs

The Group's finance costs for 2012 were approximately RMB241,281,000, representing an increase of approximately 54.3% as compared with approximately RMB156,329,000 for 2011. Such increase was mainly attributable to the increase in average loan principals in the year as compared with that in 2011.

Profit attributable to the Company's equity shareholders

The profit attributable to our equity shareholders in 2012 was approximately RMB165,335,000, representing a decrease of approximately 46.8% as compared with approximately RMB310,562,000 in 2011. The net profit margin for 2012 was approximately 2.6%, representing a decrease of approximately 2.8% as compared with approximately 5.4% for 2011. The Company's basic earning per share was RMB0.21. The Group recommended the payment of a dividend of RMB0.07 per share for the year.

2. Liquidity and Financial Resources

The Group generally finances its acquisition and operations with internally generated funds and bank loans. The cash and bank balances as at 31 December 2012 amounted to RMB304,075,000 of which 4.2% was denominated in Hong Kong dollars.

The shareholders' equity of the Group as at 31 December 2012 amounted to RMB2,434,650,000 (31 December 2011: RMB2,346,366,000). As at 31 December 2012, the Group had current assets of RMB4,426,142,000 (31 December 2011: RMB3,223,881,000) and current liabilities of RMB4,014,112,000 (31 December 2011: RMB2,454,869,000). The current ratio was 1.10 (31 December 2011: 1.31).

As at 31 December 2012, the Group had total outstanding bank loans of approximately RMB3,513,907,000 with interest rates ranging from 2.31% to 6.89% per annum, of which approximately RMB2,779,345,000 was repayable within one year, approximately RMB327,541,000 was repayable after one year but within two years while approximately RMB407,021,000 was repayable after two years. The gearing ratio as at 31 December 2012 was 53.2% (31 December 2011: 49.3%) which was calculated by total borrowings including Medium Term Notes divided by total assets.

On 25 March 2011, the Company issued five-year Medium Term Notes of RMB400 million in the PRC. The notes are unsecured and will be redeemed on 25 March 2016, and bear a floating interest rate, which is based on the one-year deposit rate of the People's Bank of China plus a margin of 2.95% per annum.

On 17 June 2011, the Company issued five-year Medium Term Notes of RMB300 million in the PRC. The notes are unsecured and will be redeemed on 16 June 2016, and bear a floating interest rate, which is based on the one-year deposit rate of the People's Bank of China plus a margin of 2.85% per annum.

3. Security

As at 31 December 2012, the mining right of Istanbul Gold Mine with carrying value amounting to RMB104,494,000 and the ordinary shares of Full Gold, a subsidiary located in KR were pledged to secure the borrowings from the National Development Bank.

As at 31 December 2012, a bank loan of the Group amounting to RMB206,751,000 was secured by inventories with carry amount of RMB185,952,000 and a guarantee deposit of RMB21,142,000.

4. Substantial Acquisition

During the reporting period, the Group had no substantial acquisition.

5. Market Risks

The Group is exposed to various types of market risks, including fluctuations in gold price and other commodity prices, changes in interest rates and exchange rates.

Gold price and other commodities price risk

The Group's turnover and profit for the year were affected by fluctuations in the gold prices and other commodities price as all our products are sold at the market prices and such fluctuation is beyond our control. We do not use and strictly prohibit the use of commodity derivative instruments or futures for speculation purpose, and all commodity derivative instruments are only used to minimise the potential price fluctuation of gold and other commodities.

Interest rate

The Group is exposed to risks resulting from the fluctuation in interest rates on our debt obligations. The Group undertakes debt obligations for supporting capital expenditure and general working capital. Our bank loans bear interest rates that are subject to adjustment made by our lenders in accordance with changes of the relevant regulations of the People's Bank of China ("PBOC"). If the PBOC increases the interest rates, our finance cost increases accordingly. In addition, to the extent that we may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debt.

Exchange rate risk

The Group's transactions are mainly denominated in Renminbi. Fluctuations in exchange rates may affect the international and domestic gold price, which may impact our results of operation. Renminbi is not freely convertible and the currency would fluctuate against a basket of currencies. The PRC government may take further actions and implement new measures on free trade of Renminbi.

Apart from the above, the Group is also exposed to exchange rate risk primarily through bank deposits and other payables that are denominated in foreign currencies. The currency giving rise to risk is primarily United States dollars.

Fluctuations in exchange rates may adversely affect the value of our net assets, earnings and any dividends we declare when they are being converted or translated into Hong Kong dollars.

6. Contractual Obligations

As at 31 December 2012, the Group's total capital commitments in respect of the construction costs which were not provided for in the financial statements were approximately RMB127,474,000, representing a decrease of approximately RMB15,691,000 from approximately RMB143,165,000 as at 31 December 2011.

As at 31 December 2012, our total future minimum lease payments under noncancellable operating leases amounted to approximately RMB10,346,000, of which approximately RMB2,776,000 was payable within one year, approximately RMB6,132,000 was payable after one year but within five years, and approximately RMB1,438,000 was payable after five years.

7. Contingent Liabilities

As at 31 December 2012, the Group had no material contingent liabilities.

8. Capital Expenditure

During the year 2012, the Group's capital expenditure was approximately RMB401,635,000, representing a decrease of approximately 15.0% from approximately RMB472,660,000 in 2011.

The Group's capital expenditure mainly relates to the construction of mining shafts, expansion projects and upgrading of production equipment.

9. Human Resources

In 2012, the average number of employees of the Group was 6,413. The Company highly treasures its human resources and provides its employees with competitive remuneration and training programs.

CORPORATE GOVERNANCE

After our listing of H Shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 January 2006, the Company has complied with all Code Provisions under the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules save for the deviation from Code Provision A.2.1 (Division of responsibilities between the chairman and chief executive officer) and Code Provision A.4.2 (Directors appointed to fill a casual vacancy be subject to election by shareholders at the first general meeting after appointment).

Mr. Jin Guangcai is the Chairman and Chief Executive Officer of the Company and has considerable industry experience. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can benefit from a chairman who is knowledgeable about the business of the Group and is capable to guide the discussions and brief the Board (in particular, the non-executive Directors) in a timely manner on various issues and developments of the industry. In addition, there is clear delineation in the responsibilities of the Board and the Management set out in article of association of the Company and the Board believes that this structure can assist the Group to implement decisions promptly and more efficiently.

With respect to the re-election of newly appointed Director, the Company has complied with Paragraph 4(2) of Appendix 3 of the Listing Rules, which permits the Directors who has been appointed to fill a casual vacancy of the Board be subject to re-election at the next annual general meeting of the Company. As such, Code Provision A.4.2, which requires the re-election to take place in the next general meeting, were not adopted.

AUDIT COMMITTEE

Audit Committee comprises one non-executive Director and four independent non-executive Directors, namely Yan Wanpeng (Chairman), Wang Yumin, Du Liping, Xu Qiangsheng and Han Qinchun.

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters regarding the preliminary final results for the year ended 31 December 2012 together with the management of the Group. The audit committee considered that the audited financial statements for the year had complied with the requirements of applicable standard and appropriate disclosure was made.

PURCHASE, SALES OR REDEMPTION OF SHARES OF THE COMPANY

For the year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

DIVIDENDS

At the board meeting held on 26 March 2013, the Directors declared a final dividend of RMB0.07 (with tax) per share (2011: RMB0.10) in respect of the year ended 31 December 2012. The 2012 final dividend is subject to the consideration and approval at the annual general meeting of the Company.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Friday, 3 May 2013 to Monday, 3 June 2013, (both days inclusive), during which period no transfer of shares will be registered. In order for the shareholders to qualify for the final dividend and attending the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H shares registrar, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) or the registered office address of the Company at Xin Village, Yinzhuang Town, Daonan Industrial Area, Lingbao, Henan, the PRC (for holders of domestic shares), no later than 4:30 p.m. on Thursday, 2 May 2013.

In addition, the register of members of the Company will be closed from Friday, 7 June 2013 to Wednesday, 12 June 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's H shares registrar, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) or the registered office address of the Company at Xin Village, Yinzhuang Town, Daonan Industrial Area, Lingbao, Henan, the PRC (for holders of domestic shares), no later than 4:30 p.m. on Thursday, 6 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company 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 Company’s code of conduct for dealings in securities of the Company by Directors and supervisors. Having made specific enquiry of all the Company’s Directors, all directors and supervisors of the Company have confirmed that they had fully complied with the required standard set out in the Model Code throughout the year ended 31 December 2012.

PUBLICATION OF RESULT ANNOUNCEMENT AND ANNUAL REPORT

This result announcement has been published on the website of Hong Kong Exchanges and Clearing Limited (“HK Exchange”), www.hkexnews.hk, and the website of the Company, www.irasia.com/listco/hk/lingbao. The 2012 Annual Report will be despatched to shareholders in due course and published on the websites of HK Exchange and the Company.

By order of the Board
Lingbao Gold Company Ltd.
Jin Guangcai
Chairman

Hong Kong, 26 March 2013

As at the date of this announcement, the directors of the Company are:

Executive Directors: Jin Guangcai, Liu Pengfei, Zhang Guo and He Chengqun;

Non-Executive Directors: Wang Yumin and Yang Liening; and

Independent Non-Executive Directors: Yan Wanpeng, Du Liping, Xu Qiangsheng and Han Qinchun.