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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

The board of directors (the “Board”) of Lingbao Gold Company Ltd. (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2013. The interim financial results has been reviewed by the Company’s Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – UNAUDITED*For the six months ended 30 June 2013*

		Six months ended 30 June	
		2013	2012
	<i>Note</i>	RMB'000	RMB'000
Turnover	3, 4	3,932,547	2,311,394
Cost of sales		<u>(4,085,204)</u>	<u>(2,015,840)</u>
Gross (loss)/profit		(152,657)	295,554
Other revenue	5	11,080	11,071
Other net (loss)/income	6	(42,870)	1,024
Selling and distribution expenses		(13,618)	(12,561)
Administrative expenses and other operating expenses		<u>(170,322)</u>	<u>(135,781)</u>
(Loss)/profit from operations		(368,387)	159,307
Finance costs	7(a)	<u>(119,039)</u>	<u>(110,721)</u>
(Loss)/profit before taxation	7	(487,426)	48,586
Income tax	8	<u>102,739</u>	<u>(14,613)</u>
(Loss)/profit for the period		<u>(384,687)</u>	<u>33,973</u>
Attributable to:			
Equity shareholders of the Company		(375,426)	39,861
Non-controlling interests		<u>(9,261)</u>	<u>(5,888)</u>
(Loss)/profit for the period		<u>(384,687)</u>	<u>33,973</u>
Basic and diluted (loss)/earnings per share (cents)	9	<u>(49)</u>	<u>5</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
(Loss)/profit for the period	(384,687)	33,973
Other comprehensive income for the period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>1,550</u>	<u>(245)</u>
Total comprehensive income for the period	<u>(383,137)</u>	<u>33,728</u>
Attributable to:		
Equity shareholders of the Company	(374,305)	39,688
Non-controlling interests	<u>(8,832)</u>	<u>(5,960)</u>
Total comprehensive income for the period	<u>(383,137)</u>	<u>33,728</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED*At 30 June 2013*

	At	At
	30 June	31 December
	2013	2012
<i>Note</i>	RMB'000	RMB'000
Non-current assets		
Property, plant and equipment	1,998,740	2,024,469
Construction in progress	446,414	369,741
Intangible assets	712,578	695,465
Goodwill	7,346	41,404
Lease prepayments	181,607	175,075
Other investments	10,504	10,504
Non-current prepayments	11,615	32,403
Deferred tax assets	254,879	143,831
	3,623,683	3,492,892
Current assets		
Inventories	2,232,222	3,267,561
Trade and other receivables, deposits and prepayments	<i>11</i> 1,085,424	832,407
Assets classified as held for sale	7,539	20,123
Pledged deposits	30,527	36,140
Cash and cash equivalents	674,680	267,935
Current tax recoverable	2,995	1,976
	4,033,387	4,426,142
Current liabilities		
Bank loans	2,590,899	2,779,345
Other loan	2,378	2,378
Trade and other payables	<i>12</i> 1,125,203	1,186,691
Loan from ultimate holding company	23,800	23,800
Current tax payable	2,254	21,898
	3,744,534	4,014,112
Net current assets	288,853	412,030
Total assets less current liabilities	3,912,536	3,904,922

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED (Continued)*At 30 June 2013*

		At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i>
Non-current liabilities			
Debenture payable		700,000	700,000
Bank loans		1,177,252	734,562
Other payables	12	37,597	35,617
Deferred tax liabilities		91	93
		<u>1,914,940</u>	<u>1,470,272</u>
NET ASSETS		<u>1,997,596</u>	<u>2,434,650</u>
CAPITAL AND RESERVES			
Share capital		154,050	154,050
Reserves		1,805,684	2,233,906
Total equity attributable to equity shareholders of the Company		1,959,734	2,387,956
Non-controlling interests		37,862	46,694
TOTAL EQUITY		<u>1,997,596</u>	<u>2,434,650</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 BASIS OF PREPARATION

The unaudited interim financial statement has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to HKAS 1, *Presentation of financial statements-Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- *Annual Improvements to HKFRSs 2009-2011 Cycle*
- Amendments to HKFRS 7-*Disclosures-Offsetting financial assets and financial liabilities*

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

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group’s presentation of other comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The application does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity’s interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required in HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The adoption of HKFRS 13 does not have any material impact on the disclosures of the Group's financial instruments in the Group's interim financial report because the Group does not have financial instruments carried at fair value at the end of the reporting period. The adoption of HKFRS 13 also does not have material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group did not disclose segment assets and segment liabilities in the Group's interim financial report because the Group does not have any reportable segments with total assets or total liabilities materially different from the amounts reported in the last annual financial statements.

Amendments to HKFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

3 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 People's Republic of China (the "PRC"). |
| Mining-KR | – Gold mining and mineral ores processing operations in Kyrgyz Republic ("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. |

3 SEGMENT REPORTING (Continued)

(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.

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 period is set out below.

	Mining – PRC		Mining – KR		Smelting		Copper Processing		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>For the six months ended 30 June</i>										
Revenue from external customers	-	-	-	-	3,539,605	1,802,723	393,780	509,267	3,933,385	2,311,990
Inter-segment revenue	323,643	421,465	-	32,076	112,005	161,167	-	-	435,648	614,708
Sales tax	(53)	(44)	-	-	(783)	(551)	(2)	(1)	(838)	(596)
Reportable segment revenue	323,590	421,421	-	32,076	3,650,827	1,963,339	393,778	509,266	4,368,195	2,926,102
Reportable segment profit/(loss)	11,900	117,760	(19,449)	(2,839)	(440,209)	75,957	21,069	36,626	(426,689)	227,504
Other segment information										
<i>For the six months ended 30 June</i>										
Interest expenses	(8,835)	(12,977)	(8,685)	(6,371)	(46,833)	(40,193)	(10,936)	(18,329)	(75,289)	(77,870)
Net foreign exchange (losses)/gain	-	-	(1,747)	(700)	308	566	(922)	745	(2,361)	611
Depreciation and amortisation for the period	(46,737)	(67,997)	(13,170)	(29,224)	(22,289)	(21,195)	(23,323)	(24,305)	(105,519)	(142,721)
Reversal/(provision) of impairment on:										
- trade and other receivables	-	-	-	-	-	-	496	8	496	8
- purchase deposits	-	-	-	-	200	-	-	-	200	-
- non-current assets	(34,387)	-	-	-	-	-	-	-	(34,387)	-

3 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Reportable segment (loss)/profit	(426,689)	227,504
Elimination of inter-segment profits	<u>139,886</u>	<u>(37,016)</u>
Reportable segment (loss)/profit derived from the Group's external customers	(286,803)	190,488
Other net (loss)/income	(42,870)	1,024
Finance costs	(119,039)	(110,721)
Unallocated head office and corporate expenses	<u>(38,714)</u>	<u>(32,205)</u>
Consolidated (loss)/profit before taxation	<u><u>(487,426)</u></u>	<u><u>48,586</u></u>

4 TURNOVER

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

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 period is as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Sales of:		
– gold	3,308,069	1,450,707
– other metals	608,731	841,953
– others	16,585	19,330
Less: Sales taxes and levies	<u>(838)</u>	<u>(596)</u>
	<u><u>3,932,547</u></u>	<u><u>2,311,394</u></u>

5 OTHER REVENUE

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Bank interest income	1,439	2,069
Delivery service income	–	1,760
Scrap sales	2,217	2,096
Government grants	7,003	4,944
Sundry income	<u>421</u>	<u>202</u>
	<u><u>11,080</u></u>	<u><u>11,071</u></u>

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Current tax		
PRC income tax for the period	8,311	24,765
Deferred tax		
Origination and reversal of temporary differences	<u>(111,050)</u>	<u>(10,152)</u>
	<u>(102,739)</u>	<u>14,613</u>

- (a) 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.

One of the subsidiaries, Lingbao Wason Copper-Foil Company Limited ("Wason Copper-Foil") renewed its "High and New Technology Enterprise" qualification in 2012, which entitled it to a preferential tax rate of 15% for three years from 2012 to 2014.

Under the CIT Law and its relevant regulation, qualified research and development expenses are subject to income tax deduction at 150% on the amount actually incurred.

- (b) Hong Kong profits tax rate for 2013 is 16.5% (2012: 16.5%). No provision for Hong Kong profits tax is made for the six months ended 30 June 2013 as the subsidiary located in Hong Kong did not earn any income which is subject to Hong Kong profits tax.
- (c) Kyrgyzstan corporate income tax rate ("KR CIT") in 2013 is 0% (2012: 10%).

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 becomes 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.

- (d) Laos profits tax rate for 2013 is 24% (2012: 28%).

No provision for Laos profits tax is made as the subsidiary located in Laos did not earn any income which is subject to Laos profits tax.

9 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share for the six months ended 30 June 2013 is based on the loss attributable to equity shareholders of the Company of RMB375,426,000 (six months ended 30 June 2012: profit of RMB39,861,000) and 770,249,091 ordinary shares in issue during the six months ended 30 June 2013 (six months ended 30 June 2012: 770,249,091 ordinary shares).

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for the six months ended 30 June 2013 and 2012 are the same as the basic (loss)/earnings per share as there are no dilutive potential ordinary shares during the periods.

10 DIVIDENDS

Pursuant to a resolution passed at the shareholders' annual general meeting on 3 June 2013, a final dividend in respect of the year ended 31 December 2012 of RMB0.07 (2011: RMB0.10) per share totalling RMB53,917,000 (2011: RMB77,025,000) was approved and declared by the Company.

The unpaid dividends of RMB3,487,000 as at 31 December 2012 in respect of the year ended 31 December 2011 were paid in June 2013. The unpaid dividends of RMB53,917,000 in respect of the year ended 31 December 2012 were recognised as a liability as at 30 June 2013.

The directors do not propose the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB Nil).

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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 allowance for doubtful debts, is as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 3 months	261,296	334,672
Over 3 months but within 6 months	154,570	182,599
Over 6 months but within 1 year	106,203	9,000
Over 1 year	30	1,012
	<hr/>	<hr/>
Trade debtors and bills receivable, net of allowance for doubtful debts	522,099	527,283
Other receivables, net of allowance for doubtful debts	218,086	234,390
Purchase deposits, net of allowance for non-delivery (<i>note (b)</i>)	345,239	70,734
	<hr/>	<hr/>
	1,085,424	832,407
	<hr/> <hr/>	<hr/> <hr/>

(a) 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) 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.

12 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2013 <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i>
Within 3 months	392,142	558,814
Over 3 months but within 6 months	88,625	21,491
Over 6 months but within 1 year	12,743	11,227
Over 1 year but within 2 years	7,724	6,460
Over 2 years	3,494	1,944
	<hr/>	<hr/>
Total trade creditors and bills payable	504,728	599,936
Other payables and accruals	339,233	358,287
Payable for mining rights	86,477	87,897
Deferred income (<i>note (a)</i>)	105,137	100,774
Dividend payable (<i>note 10</i>)	53,917	3,487
Payable to non-controlling interests (<i>note (b)</i>)	35,711	36,310
	<hr/>	<hr/>
	1,125,203	1,186,691
	<hr/> <hr/>	<hr/> <hr/>
Non-current other payables		
Decommissioning costs	14,125	14,369
Deferred income (<i>note (a)</i>)	23,472	21,248
	<hr/>	<hr/>
	37,597	35,617
	<hr/> <hr/>	<hr/> <hr/>

- (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.

REVIEW OF BUSINESS AND PROSPECT

In the first half of 2013, Lingbao Gold Company Ltd. (“Lingbao Gold” or the “Company”) and its subsidiaries (together with the Company, the “Group”) produced approximately 8,026 kg (equivalent to approximately 258,042 ounces) of gold, representing an increase of approximately 374 kg (equivalent to approximately 12,024 ounces) or approximately 4.9% as compared with the corresponding period of the previous year. The Group’s turnover for the six months ended 30 June 2013 was approximately RMB3,932,547,000, representing an increase of approximately 70.1% as compared with the corresponding period of the previous year. For the six months ended 30 June 2013, the loss attributable to the Company’s shareholders was approximately RMB375,426,000 (six months ended 30 June 2012: profit attributable to shareholders RMB39,861,000). For the six months ended 30 June 2013, the basic loss per share of the Company was RMB0.49 (six months ended 30 June 2012: basic earnings per share RMB0.05). In the first half of 2013, the loss attributable to the Group’s shareholders was mainly due to (i) the slump of commodity prices; (ii) the write-down of inventory values of approximately RMB206,112,000 which have been included in the cost of sales; (iii) the operation of Full Gold Mining Limited Liability Company (“Full Gold”) is currently suspended due to failure to reach the expected processing recovery rate. Full Gold is reviewing other processing solutions to improve the recovery rate; and (iv) as a result of the slump in gold price, the Group performed tests for impairment on its mining segment and recognized goodwill impairment of RMB34,058,000.

The Group’s mineral resources are mainly scattered in the regions of Henan, Xinjiang, Inner Mongolia, Jiangxi, Gansu of the People’s Republic of China (the “PRC”) and Kyrgyz Republic (“KR”) with 55 mining and exploration rights as at 30 June 2013 covering 2,290.01 square kilometers. The total gold reserves and resources as at 30 June 2013 were approximately 36.48 tonnes (1,286,794 ounces) and 149.43 tonnes (5,270,988 ounces) respectively.

1. Mining Segment

Turnover and production

Our mining business mainly comprises the sales of gold concentrates and compound gold. All gold concentrates and compound gold are sold to the Group’s smelting plant as intra-group sales.

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

	Unit	For the six months ended 30 June			
		2013	2012	2013	2012
		Approximate production volume	Approximate sales volume	Approximate production volume	Approximate sales volume
Gold concentrates	kg	919	904	1,196	1,132
Compound gold	kg	364	304	430	385
Total	kg	1,283	1,208	1,626	1,517
Total	ounce	41,249	38,838	52,277	48,773

The Group's revenue from the mining segment for the first half of 2013 was approximately RMB323,590,000, representing a decrease of approximately 28.6% from approximately RMB453,497,000 for the same period in 2012. During the first half of 2013, revenue in Henan, Xinjiang and Inner Mongolia represented approximately 71.0%, 20.4% and 8.6% of the revenue from the mining segment respectively. The production of compound gold decreased by approximately 66 kg to approximately 364 kg, while production of gold concentrates decreased by approximately 277 kg to approximately 919 kg.

The Istanbul Gold Mine operated by Full Gold in KR is suspended currently due to its low recovery rate. Full Gold is striving to overcome the difficulty and recover the production of the Istanbul Gold Mine as soon as practicable.

Segment results

The Group's loss of the mining segment for the first half of 2013 was approximately RMB7,549,000, compared with profit of approximately RMB114,921,000 for the same period in 2012. The segment result to segment turnover ratio of the Group's mining segment for the first half of 2013 was approximately (2.3)%, compared with approximately 25.3% in the corresponding period in 2012. The loss was mainly due to the significant drop in gold price and increase in production cost.

2. Smelting Segment

Our smelting plant is situated in Henan Province, and is capable of processing gold, silver, copper and sulphuric acid. 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:

		For the six months ended 30 June			
		2013		2012	
	Unit	Approximate production volume	Approximate sales volume	Approximate production volume	Approximate sales volume
Gold bullion	kg	8,026	10,903	7,606	4,107
	ounce	258,042	350,540	244,539	132,043
Silver	kg	27,289	8,996	22,381	108
	ounce	877,362	289,228	719,566	3,472
Copper products	tonne	6,941	6,011	7,424	9,894
Sulphuric acid	tonne	79,676	77,921	69,031	64,550

Sales and production

The Group's total turnover in the smelting segment for the first half of 2013 was approximately RMB3,650,827,000, representing an increase of approximately 85.9% from approximately RMB1,963,339,000 for the same period of 2012. Such increase during the reporting period was mainly attributable to the rise in sales volume of gold bullion and silver over the same period of last year. As a result of the increase in sales of gold, the inventory of gold reduced to 2,729 kg (31 December 2012: 5,606 kg).

The Group's smelting plants processed approximately 960 tonnes of gold concentrates per day, with an utilisation rate of approximately 100%. During the first half of 2013, the Group continued to maintain the recovery rates of gold, silver and copper at a high level of approximately 96.07%, 70.94% and 96.36% respectively.

Segment results

The Group's total loss in smelting segment for the first half of 2013 was approximately RMB440,209,000, compared with the same period in 2012 of approximately RMB75,957,000. The segment results to segment turnover ratio of the Group's smelting business for the first half of 2013 was approximately (12.1)%, compared with the same period in 2012 of approximately 3.9%. The loss is mainly due to the write down of inventory values and the high cost of raw material.

The substantial loss in smelting segment and inventory write-down was the main reason that led to an increase of deferred tax asset by RMB111,048,000 to RMB254,879,000 as compared with that of the beginning of the year. Such deferred tax assets are expected to be crystallised in the foreseeable future.

CONSOLIDATED OPERATING RESULTS

Turnover

The following table sets out the Group's sales breakdown by products:

Product name	For the six months ended 30 June					
	2013	2013			2012	2012
	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	3,308,069	10,903 kg	303,409	1,450,707	4,107 kg	353,228
Silver	46,863	8,996 kg	5,209	–	–	–
Electrolytic coppers	168,088	3,651 tonnes	46,039	332,686	6,674 tonnes	49,848
Copper foils	393,780	5,616 tonnes	70,118	509,267	7,449 tonnes	68,367
Sulphuric acid	16,585	77,921 tonnes	213	19,330	64,550 tonnes	300
Turnover before sales tax	3,933,385			2,311,990		
Less: Sales taxes and levies	(838)			(596)		
	<u>3,932,547</u>			<u>2,311,394</u>		

The Group's turnover for the first half of 2013 was approximately RMB3,932,547,000, representing an increase of approximately by 70.1% as compared with the corresponding period of the previous year. Such increase was mainly attributable to the significant increase in the sales volume of gold bullion and silver, which resulted in the increase in sales amount of gold bullion and silver as compared to the corresponding period of the previous year.

In the first half of 2013, affected by global economic downturn, the market demand in electronics industry kept shrinking. Copper price continuously fall due to significant oversupply in the market, while the Group also faced intensified competition. However, the Group's copper foil unit selling price increased by 2.6% because of the sale of lithium-foil increased from corresponding period of previous year of 304 tonnes to 1,704 tonnes for the six months ended 2013. The average selling price of the lithium foil is much higher than other copper products. The Group's copper foil production volume amounted to approximately 5,944 tonnes, decreasing by 1,735 tonnes or 22.6% as compared with the corresponding period of the previous year. Copper foil sales volume was approximately 5,616 tonnes, decreasing by 1,833 tonnes or 24.6% as compared with the corresponding period of the previous year.

OUTLOOK

In the second half of 2013, the Group will focus on the production and operation of mines and gold smelting. Meanwhile, in response to the drop in gold price, the Group will make proper decision for raw materials procurement and maintain inventories at a reasonable level through analysis on market condition of precious metals. The mining enterprises will stick to the philosophy on the combination of mine exploration and exploitation and improve engineering design for such activities, so as to improve production efficiency. In respect of production technologies, the Group will strive to strengthen technology management, minimize the dilution rate and loss rate, enhance the grade of ores, improve the equipment operation rate and gold recovery rate, strengthen the balanced management of metals, as well as maintain a comprehensive development and better utilization of resources. In addition, the Group will introduce new technologies, new processes and new equipment to improve the production and operation level. The Group will also continue to strengthen cost control and strictly implement various internal control measures of the Group.

In response to the weak market conditions, Wason Copper-Foil enhances public relation efforts and customer services to maintain and increase supply for quality clients. At the same time, Wason Copper-Foil seeks to develop high-end products in a timely manner and increase the market shares for ultra-thin copper foil, ultra-thick copper foil and FPC copper foil to maximize its profits. In addition, the Group will provide training and education for technical staff to enhance the quality and strength of the R&D team and their abilities to identify, analyze and solve problems. The Group will also enhance its efforts to recruit talents to strengthen its R&D team and improve the R&D capability and innovation capability of the Group.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its acquisition and operations with internally generated funds, medium-term notes and bank loans. The cash and bank balances as at 30 June 2013 amounted to RMB705,207,000.

The total equity attributable to shareholders of the Company as at 30 June 2013 amounted to RMB1,959,734,000 (31 December 2012: RMB2,387,956,000). As at 30 June 2013, the Group had current assets of RMB4,033,387,000 (31 December 2012: RMB4,426,142,000) and current liabilities of RMB3,744,534,000 (31 December 2012: RMB4,014,112,000). The current ratio was 1.08 (31 December 2012: 1.10).

As at 30 June 2013, the Group had total outstanding bank loans of approximately RMB3,768,151,000 with interest rates ranged from 2.21% to 6.65% per annum, of which approximately RMB2,590,899,000 was repayable within one year, approximately RMB466,055,000 was repayable after one year but not exceeding two years, approximately RMB675,361,000 was repayable after two years but not exceeding five years and approximately RMB35,836,000 was repayable after five years.

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.

The gearing ratio as at 30 June 2013 was 58.4% (31 December 2012: 53.2%) which was calculated as total borrowings divided by total assets value.

Security

As at 30 June 2013, the mining right of Istanbul Gold Mine with carrying value amounting to RMB102,719,000 and the ordinary shares of Full Gold were pledged for the borrowings from the National Development Bank.

Market risks

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

Gold price and other commodities price risk

The Group's turnover and profit for the period were affected by fluctuations in the gold price and other commodities price as the Group's products are sold at market prices and the fluctuations in prices are not controlled by the Group. The considerable fluctuation of gold price would lead to the Group's instability in operating results, especially in the event of a significant drop in gold price which would have a larger adverse impact to the Group's operating results.

Interest rate risk

The Group is exposed to risks resulting from fluctuations in interest rates on our debt. The Group undertakes debt obligations for supporting general corporate purposes, including capital expenditure and working capital needs. Our bank loans bear interest rates that are subject to adjustment made by our lenders in accordance with changes of the relevant People's Bank of China ("PBOC") regulations, which may cast financial impact to the Group.

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 a free-trade currency and it would fluctuate against a basket of currencies. The PRC government may take further actions and implement new measures on free trade of Renminbi. In addition to the foregoing, the exchange rate risks to which the Group exposes are mainly from certain bank deposits, bank loans and trade receivables relating to copper sales, which are denominated in HK dollars and US dollars. Fluctuations in exchange rates may cast financial impact to the Group.

Contractual obligations

As at 30 June 2013, the total contracted capital commitments was approximately RMB130,028,000, representing an increase of approximately RMB2,554,000 from approximately RMB127,474,000 as at 31 December 2012.

Capital expenditures

Capital expenditures during the period was approximately RMB184,739,000, including those in relation to the acquisition of fixed assets and construction in progress of approximately RMB166,821,000, and acquisition of intangible assets of approximately RMB17,918,000.

Contingent liabilities

As at 30 June 2013, the Group had no material contingent liabilities.

Human resources

For the six months ended 30 June 2013, the average number of employees of the Group was 6,486. The Company highly treasures its human resources and offers competitive remuneration to employees and provides employees with training programs.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchases, sales or redemptions of the Company's shares by the Company or any of its subsidiaries during the period ended 30 June 2013.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of interim dividend.

CORPORATE GOVERNANCE

Being one of the largest integrated gold mining companies based in the PRC, the Company is committed to achieving high standards of corporate governance practices and has put in place a set of well-defined corporate governance processes to ensure the transparency of the Company and protect the overall interest and rights of shareholders as well as employees.

The Company has complied with all Code Provisions under the Code on Corporate Governance Practices set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the following provision:

Code Provision A.4.2 (Directors appointed to fill a casual vacancy are subject to election by shareholders at the first general meeting after appointment)

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 have 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 at the next general meeting, were not adopted.

MODEL CODE FOR SECURITIES TRANSACTIONS

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. Based on specific enquiry of the Company's Directors, the Directors have complied with the required standard set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The audit committee ("Audit Committee") of the Company, comprising four independent non-executive Directors and one non-executive Director, namely, Mr. Yan Wanpeng, Ms. Du Liping, Mr. Xu Qiangsheng, Mr. Han Qinchun and Mr. Wang Yumin has reviewed the accounting principles and practices adopted by the Group and have discussed and reviewed the internal control and financial reporting matters, including the unaudited interim financial report for the six months ended 30 June 2013, with the management and external auditors of the Company. The Audit Committee is of the opinion that such report complies with applicable accounting standards, the Listing Rules and the legal requirements and that adequate disclosures have been made.

PUBLICATION OF RESULT ANNOUNCEMENT AND INTERIM 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 2013 Interim 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
Jin Guangcai
Chairman

Lingbao City, Henan Province, the PRC
28 August 2013

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Jin Guangcai, Mr. Liu Pengfei, Mr. Zhang Guo and Mr. He Chengqun; two non-executive Directors, namely Mr. Wang Yumin and Mr. Yang Liening; and four independent non-executive Directors, namely Mr. Yan Wanpeng, Ms. Du Liping, Mr. Xu Qiangsheng and Mr. Han Qinchun.