

*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 INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

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 2015. The interim financial results have been reviewed by the Company’s Audit Committee. In addition, the Group’s external auditors have reviewed the interim financial report.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS – UNAUDITED***For the six months ended 30 June 2015*

		<b>Six months ended 30 June 2015</b>	Six months ended 30 June 2014
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	3, 4	<b>2,740,557</b>	3,208,464
Cost of sales		<u><b>(2,572,403)</b></u>	<u>(2,904,452)</u>
<b>Gross profit</b>		<b>168,154</b>	304,012
Other revenue	5	<b>11,840</b>	16,124
Other net loss	5	<b>(11,971)</b>	(17,276)
Selling and distribution expenses		<b>(14,484)</b>	(15,082)
Administrative expenses and other operating expenses		<u><b>(176,329)</b></u>	<u>(146,988)</u>
<b>(Loss)/profit from operations</b>		<b>(22,790)</b>	140,790
Finance costs	5(a)	<u><b>(125,889)</b></u>	<u>(115,801)</u>
<b>(Loss)/profit before taxation</b>	5	<b>(148,679)</b>	24,989
Income tax	6	<u><b>(17,444)</b></u>	<u>(16,273)</u>
<b>(Loss)/profit for the period</b>		<u><u><b>(166,123)</b></u></u>	<u><u>8,716</u></u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(153,494)</b>	17,398
Non-controlling interests		<u><b>(12,629)</b></u>	<u>(8,682)</u>
<b>(Loss)/profit for the period</b>		<u><u><b>(166,123)</b></u></u>	<u><u>8,716</u></u>
<b>Basic and diluted (loss)/earnings per share (cents)</b>	7	<u><u><b>(20)</b></u></u>	<u><u>2</u></u>

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

*For the six months ended 30 June 2015*

	<b>Six months ended 30 June 2015 RMB'000</b>	Six months ended 30 June 2014 RMB'000
<b>(Loss)/profit for the period</b>	<b>(166,123)</b>	8,716
<b>Other comprehensive income for the period:</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>246</u>	<u>(1,300)</u>
<b>Total comprehensive income for the period</b>	<b><u>(165,877)</u></b>	<b><u>7,416</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(153,295)</b>	16,358
Non-controlling interests	<b><u>(12,582)</u></b>	<u>(8,942)</u>
<b>Total comprehensive income for the period</b>	<b><u>(165,877)</u></b>	<b><u>7,416</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

At 30 June 2015

		At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		2,024,224	2,061,962
Construction in progress		456,292	450,317
Intangible assets		734,543	730,644
Goodwill		7,302	7,302
Lease prepayments		171,998	174,229
Other financial assets		19,714	19,714
Non-current prepayments		14,821	20,703
Deferred tax assets		279,953	290,044
		<u>3,708,847</u>	<u>3,754,915</u>
<b>Current assets</b>			
Inventories		1,329,005	1,641,201
Trade and other receivables, deposits and prepayments	9	1,402,478	1,196,112
Current tax recoverable		8,905	6,798
Assets classified as held for sale		7,539	9,339
Pledged deposits		136,497	158,946
Cash and cash equivalents		330,367	372,312
		<u>3,214,791</u>	<u>3,384,708</u>
<b>Current liabilities</b>			
Bank loans		2,900,309	2,108,826
Debenture payable		700,000	–
Other loan		1,784	1,784
Trade and other payables	10	950,072	1,128,430
Loan from ultimate holding company		23,800	23,800
Current tax payable		2,596	5,633
		<u>4,578,561</u>	<u>3,268,473</u>
<b>Net current (liabilities)/assets</b>		<u>(1,363,770)</u>	<u>116,235</u>
<b>Total assets less current liabilities</b>		<u>2,345,077</u>	<u>3,871,150</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED (Continued)***At 30 June 2015*

		At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Bank loans		722,440	1,380,309
Debenture payable		–	700,000
Other payables	<i>10</i>	92,889	95,240
Deferred tax liabilities		2,110	2,086
		<u>817,439</u>	<u>2,177,635</u>
<b>NET ASSETS</b>		<u><b>1,527,638</b></u>	<u><b>1,693,515</b></u>
<b>CAPITAL AND RESERVES</b>			
Share capital		154,050	154,050
Reserves		1,388,962	1,542,257
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,543,012</b>	1,696,307
<b>Non-controlling interests</b>		<u>(15,374)</u>	<u>(2,792)</u>
<b>TOTAL EQUITY</b>		<u><b>1,527,638</b></u>	<u><b>1,693,515</b></u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 1 BASIS OF PREPARATION

The unaudited interim financial report 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”).

As at 30 June 2015, the Group’s current liabilities exceeded its current assets by RMB1,363,770,000. 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 30 June 2015, taking into account the Group’s cash flow projection, including the Group’s unutilised banking facilities, ability to renew or refinance the banking facilities upon maturity and the Group’s future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that it 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 accordingly, the financial statements have been prepared on a going concern basis.

## 2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

None of these 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.

## 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.

### (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 and other borrowings managed by head office.

### 3 SEGMENT REPORTING (Continued)

#### (a) Segment results, assets and liabilities (Continued)

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		Processing		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000									
<i>For the six months ended 30 June</i>										
Revenue from external customers	1,559	2,288	-	-	2,245,463	2,742,750	498,431	467,746	2,745,453	3,212,784
Inter-segment revenue	267,902	318,506	-	10,296	252,759	4,239	-	-	520,661	333,041
Sales tax	(85)	(114)	-	-	(3,674)	(3,328)	(1,137)	(878)	(4,896)	(4,320)
<b>Reportable segment revenue</b>	<b>269,376</b>	<b>320,680</b>	<b>-</b>	<b>10,296</b>	<b>2,494,548</b>	<b>2,743,661</b>	<b>497,294</b>	<b>466,868</b>	<b>3,261,218</b>	<b>3,541,505</b>
<b>Reportable segment (loss)/profit</b>	<b>(17,413)</b>	<b>49,378</b>	<b>(24,812)</b>	<b>(30,465)</b>	<b>14,610</b>	<b>127,516</b>	<b>36,387</b>	<b>38,771</b>	<b>8,772</b>	<b>185,200</b>
(Provision)/reversal of impairment on:										
- trade and other receivables	-	-	-	-	-	-	(8,035)	488	(8,035)	488
- purchase deposits	-	-	-	-	(16,598)	8,127	-	-	(16,598)	8,127
- assets classified as held for sale	-	(6,044)	-	-	-	-	-	-	-	(6,044)
- property, plant and equipment	(9,575)	-	-	-	-	-	-	-	(9,575)	-
<i>As at 30 June/31 December</i>										
<b>Reportable segment assets</b>	<b>2,042,511</b>	<b>2,036,427</b>	<b>833,663</b>	<b>862,908</b>	<b>2,121,813</b>	<b>2,346,445</b>	<b>1,646,814</b>	<b>1,610,588</b>	<b>6,644,801</b>	<b>6,856,368</b>
<b>Reportable segment liabilities</b>	<b>901,011</b>	<b>854,069</b>	<b>1,060,514</b>	<b>1,052,354</b>	<b>1,756,805</b>	<b>1,947,228</b>	<b>1,319,674</b>	<b>1,306,632</b>	<b>5,038,004</b>	<b>5,160,283</b>

#### (b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June 2015 RMB'000	Six months ended 30 June 2014 RMB'000
Reportable segment profit	8,772	185,200
Elimination of inter-segment profits	6,498	365
Reportable segment profit derived from the Group's external customers	15,270	185,565
Other net loss	(11,971)	(17,276)
Finance costs	(125,889)	(115,801)
Unallocated head office and corporate expenses	(26,089)	(27,499)
<b>Consolidated (loss)/profit before taxation</b>	<b>(148,679)</b>	<b>24,989</b>

#### 4 REVENUE

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

Revenue 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 during the period is as follows:

	<b>Six months ended 30 June 2015 RMB'000</b>	Six months ended 30 June 2014 RMB'000
Sales of:		
– gold	<b>2,138,631</b>	2,310,389
– other metals	<b>590,543</b>	895,339
– others	<b>16,279</b>	7,056
Less: Sales taxes and levies	<b>(4,896)</b>	(4,320)
	<b>2,740,557</b>	3,208,464

#### 5 (LOSS)/PROFIT BEFORE TAXATION

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

	<b>Six months ended 30 June 2015 RMB'000</b>	Six months ended 30 June 2014 RMB'000
(a) Finance costs:		
Interest expense on bank loans	<b>104,913</b>	98,694
Interest expense on corporate debentures	<b>18,171</b>	18,171
Less: Interest expense capitalised into construction in progress	<b>–</b>	(1,301)
	<b>123,084</b>	115,564
Other borrowing costs	<b>2,805</b>	237
	<b>125,889</b>	115,801

**5 (LOSS)/PROFIT BEFORE TAXATION (Continued)**

	<b>Six months ended 30 June 2015 RMB'000</b>	Six months ended 30 June 2014 RMB'000
(b) Other items:		
Amortisation of lease prepayments	2,784	2,776
Amortisation of intangible assets	2,785	927
Total depreciation	<b>113,058</b>	107,600
Less: Depreciation capitalised into construction in progress	<b>(901)</b>	(478)
	<b>112,157</b>	107,122
Write-down of inventories and losses net of reversals	<b>40,040</b>	1,573
Operating lease charges in respect of properties	<b>1,787</b>	1,686
Environmental rehabilitation fee	<b>6,118</b>	6,656
Research and development costs (other than depreciation)	<b>11,392</b>	10,703
Net realised and unrealised loss on financial instruments at fair value	<b>(3,609)</b>	(12,298)
Impairment losses on assets classified as held for sale	–	(6,044)
Impairment losses on property, plant and equipment	<b>(9,575)</b>	–
Government grants	<b>5,501</b>	8,386
Bank interest income	<b>3,230</b>	2,509

**6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

Taxation in the consolidated statement of profit or loss represents:

	<b>Six months ended 30 June 2015 RMB'000</b>	Six months ended 30 June 2014 RMB'000
Current tax – PRC income tax	7,329	6,283
Deferred taxation	<b>10,115</b>	9,990
	<b>17,444</b>	16,273

## 6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

- (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”) was accredited as a “High and New Technology Enterprise” (“HNTE”) in 2009 and was entitled to a preferential income tax rate of 15% for a period of three years from 2009 to 2011. Wason Copper-Foil renewed its HNTE qualification in 2012, and therefore was entitled to the preferential tax rate of 15% for another three years from 2012 to 2014. Wason Copper-Foil currently applying for an extension of such preferential income tax treatment for another three years from 2015 to 2017. The directors of the Company believe that Wason Copper-Foil will continue to enjoy such preferential tax rate of 15% for another three years pursuant to the current applicable PRC tax laws and regulations.

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 2015 is 16.5% (2014: 16.5%). No provision for Hong Kong profits tax is made for the six months ended 30 June 2015 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 in 2015 is 0% (2014: 0%).

## 7 (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 2015 is based on the loss attributable to equity shareholders of the Company of RMB153,494,000 (six months ended 30 June 2014: profit of RMB17,398,000) and 770,249,091 ordinary shares in issue during the six months ended 30 June 2015 (six months ended 30 June 2014: 770,249,091 ordinary shares).

- (b) **Diluted (loss)/earnings per share**

The diluted (loss)/earnings per share for the six months ended 30 June 2015 and 2014 are the same as the basic (loss)/earnings per share as there are no dilutive potential ordinary shares during the periods.

## 8 DIVIDENDS

Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period:

	<b>Six months ended 30 June 2015 RMB'000</b>	Six months ended 30 June 2014 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period of RMB Nil per share (six months ended 30 June 2014: RMB Nil per share)	—	—

The unpaid dividends of RMB1,260,000 in respect of the year ended 31 December 2012 were recorded as a liability as at 30 June 2015 (31 December 2014: RMB1,260,000).

The directors do not propose the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB Nil).

## 9 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:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Within 3 months	<b>330,234</b>	456,413
Over 3 months but within 6 months	<b>274,815</b>	149,531
Over 6 months but within 1 year	<b>41,109</b>	31,691
Over 1 year	<b>561</b>	4,316
Trade debtors and bills receivable, net of allowance for doubtful debts ( <i>note (a)</i> )	<b>646,719</b>	641,951
Other receivables, net of allowance for doubtful debts	<b>303,703</b>	270,458
Purchase deposits, net of allowance for non-delivery ( <i>note (b)</i> )	<b>451,898</b>	266,141
Deposits for derivative financial instruments ( <i>note (c)</i> )	—	17,562
Derivative financial assets	<b>158</b>	—
	<b>1,402,478</b>	1,196,112

## 9 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

- (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.

### Transfers of financial assets

- (i) Transferred financial assets that are not derecognised in their entirety

As at 30 June 2015, the Group endorsed certain bank acceptance bills with a carrying amount of RMB40,767,000 (31 December 2014: RMB53,297,000) to suppliers for settling trade payables of the same amount on a full recourse basis. In the opinion of the directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, and accordingly, it continued to recognise the full carrying amounts of these bills receivable and the associated trade payables settled.

- (ii) Transferred financial assets that are derecognised in their entirety

As at 30 June 2015, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and the payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 30 June 2015, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to banks or suppliers in respect of the discounted bills and endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB143,281,000 and RMB50,301,000 (31 December 2014: RMB74,824,000 and RMB126,989,000) respectively.

- (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.
- (c) The Group placed deposits with independent futures trading agents for futures commodity contracts entered into in the normal course of business primarily to protect the Group from the impact of price fluctuations in gold commodities.

## 10 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 2015 RMB'000	At 31 December 2014 RMB'000
<b>Current</b>		
Within 3 months	290,569	466,343
Over 3 months but within 6 months	75,713	40,265
Over 6 months but within 1 year	7,668	5,741
Over 1 year but within 2 years	1,261	7,990
Over 2 years	6,557	6,878
	<hr/>	<hr/>
Total trade creditors and bills payable	381,768	527,217
Other payables and accruals	363,317	390,418
Payable for mining rights	78,101	81,383
Deferred income (note (a))	87,019	87,646
Dividend payable (note 8)	1,260	1,260
Payable to non-controlling interests (note (b))	38,607	35,429
Derivative financial liabilities	–	5,077
	<hr/>	<hr/>
	<b>950,072</b>	<b>1,128,430</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Non-current</b>		
Decommissioning costs	13,976	13,988
Deferred income (note (a))	78,913	81,252
	<hr/>	<hr/>
	<b>92,889</b>	<b>95,240</b>
	<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 2015, Lingbao Gold Company Ltd. (“Lingbao Gold” or the “Company”) and its subsidiaries (together with the Company, the “Group”) produced approximately 9,328 kg (equivalent to approximately 299,902 ounces) of gold, representing an increase of approximately 367 kg (equivalent to approximately 11,799 ounces) or approximately 4.1% as compared with the corresponding period of the previous year. The Group’s revenue for the six months ended 30 June 2015 was approximately RMB2,740,557,000, representing a decrease of approximately 14.6% as compared with the corresponding period of the previous year. For the six months ended 30 June 2015, the loss attributable to the Company’s shareholders was approximately RMB153,494,000 (six months ended 30 June 2014: profit attributable to the Company’s shareholders RMB17,398,000). For the six months ended 30 June 2015, the basic loss per share of the Company was RMB0.20 (six months ended 30 June 2014: basic earnings per share RMB0.02). In the first half of 2015, the Group recorded loss as compared with profit in the corresponding period of the previous year. In the first half of 2015, gold attraction reduced was affected by the strong US dollar and bulled capital markets. Gold price ranging from approximately USD1,250 to USD1,180 per ounce in a downward trend, which lead to a lower gross profit margin of selling gold bullion and a write-down of inventory values of RMB40,040,000.

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 52 mining and exploration rights as at 30 June 2015 covering 1,959.55 square kilometers. The total gold reserves and resources as at 30 June 2015 were approximately 33.63 tonnes (1,081,230 ounces) and 148.18 tonnes (4,764,098 ounces) respectively.

### 1. Mining Segment

#### *Revenue 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:

		For the six months ended 30 June			
		2015		2014	
	Unit	Approximate production volume	Approximate sales volume	Approximate production volume	Approximate sales volume
Gold concentrates (contained gold)	kg	871	920	931	995
Compound gold	kg	493	330	477	374
Total	kg	1,364	1,250	1,408	1,369
Total	ounce	43,853	40,188	45,268	44,014

The Group's revenue from the mining segment for the first half of 2015 was approximately RMB269,376,000, representing an decrease of approximately 18.6% from approximately RMB330,976,000 for the same period in 2014. During the first half of 2015, turnover in Henan, Xinjiang and Inner Mongolia represented approximately 71.1%, 20.4% and 8.5% of the turnover from the mining segment respectively. The production of compound gold increased by approximately 16 kg to approximately 493 kg, while production of gold concentrates decreased by approximately 60 kg to approximately 871 kg.

### *Segment results*

The Group's total loss of the mining segment for the first half of 2015 was approximately RMB42,225,000, compared with profit of approximately RMB18,913,000 for the same period in 2014. The segment result to segment revenue ratio of the Group's mining segment for the first half of 2015 was approximately (15.7)%, compared with approximately 5.7% in the corresponding period in 2014.

## **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:

	Unit	For the six months ended 30 June			
		2015		2014	
		Approximate production volume	Approximate sales volume	Approximate production volume	Approximate sales volume
Gold bullion	kg	9,328	8,819	8,961	9,000
	ounce	299,902	283,537	288,103	289,357
Silver	kg	16,728	16,101	20,816	22,013
	ounce	537,818	517,659	669,250	707,734
Copper products	tonne	8,119	7,900	8,430	8,509
Sulphuric acid	tonne	93,710	93,894	102,156	106,922

## Sales and production

The Group's total revenue in the smelting segment for the first half of 2015 was approximately RMB2,494,548,000, representing a decrease of approximately 9.1% from approximately RMB2,743,661,000 for the same period of 2014. Such decrease during the reporting period was mainly attributable to the decrease in sales volume and average selling price of gold bullion of approximately 2.0% and 5.1% over the same period of last year.

The Group's smelting plants processed approximately 1,077 tonnes of gold concentrates per day, with an utilisation rate of approximately 90.0%. During the first half of 2015, the Group continued to maintain the recovery rates of gold, silver and copper at a high level of approximately 96.30%, 71.82% and 96.32% respectively.

## Segment results

The Group's total profit in smelting segment for the first half of 2015 was approximately RMB14,610,000, compared with profit of approximately RMB127,516,000 for the same period in 2014. The segment results to segment revenue ratio of the Group's smelting business for the first half of 2015 was approximately 0.6%, compared with the same period in 2014 of approximately 4.6%.

## CONSOLIDATED OPERATING RESULTS

### Revenue

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

Product name	Amount (RMB'000)	For the six months ended 30 June		2014		
		2015 Sales volume	Unit price (RMB per kg/tonne/m <sup>2</sup> )	Amount (RMB'000)	Sales volume	Unit price (RMB per kg/tonne/m <sup>2</sup> )
Gold bullion	2,138,631	8,819 kg	242,503	2,310,389	9,000 kg	256,710
Silver	48,504	16,003 kg	3,031	77,501	22,013 kg	3,521
Electrolytic coppers	42,049	1,150 tonnes	36,564	350,092	8,409 tonnes	41,633
Copper foils	493,239	8,203 tonnes	60,129	467,746	7,400 tonnes	63,209
Flexible copper clad laminate	5,192	46,980 m <sup>2</sup>	111	–	–	–
Sulphuric acid	16,279	93,894 tonnes	173	7,056	106,922 tonnes	66
Gold concentrates	1,559	9 kg	173,222	–	–	–
Revenue before tax	2,745,453			3,212,784		
Less: Sales taxes and levies	(4,896)			(4,320)		
	<b>2,740,557</b>			<b>3,208,464</b>		

The Group's revenue for the first half of 2015 was approximately RMB2,740,557,000, representing a decrease of approximately by 14.6% as compared with the corresponding period of the previous year. Such decrease was mainly attributable to the decrease in the average selling price of gold bullion and the decrease in the sales volume to third parties of electrolytic coppers, which resulted in the decrease in sales amount of gold bullion and electrolytic coppers as compared to the corresponding period of the previous year.

In the first half of 2015, the Group's copper foil production volume amounted to approximately 8,372 tonnes, increasing by 1,075 tonnes or 14.7% as compared with the corresponding period of the previous year. Copper foil sales volume was approximately 8,203 tonnes, increasing by 803 tonnes or 10.9% as compared with the corresponding period of the previous year.

## **OUTLOOK**

In the second half of 2015, the Group will be faced with a challenging complicated economic situation and the price of gold continue to volatile and will trend lower over time. The Group will adhere to its production and operations policy to complete its operating indicators, while continue to focus on "Risk Prevention, Profit Retention, and Development Promotion". By enhancing mining techniques and research, the Group will strive to improve mining grades, thereby constantly expanding production scales and rationally planning of exploration projects. In addition to expediting the three major expansion and upgrade projects, namely, Habahe Huatai Gold Limited Liability Company ("Huatai"), Tongbai Xingyuan Mining Company Limited ("Xingyuan") and Full Gold Mining Limited Liability Company ("Full Gold"), the Group will focus on advancing the construction of Huatai No. 5 Shaft, Xingyuan No. 3 Shaft, and Qiangmayu Shaft to ensure the on-time completion, which will in return safeguard processing plant for mining purposes. The technical upgrading project of the processing plant of Full Gold with a production capacity of 1,500 tonnes should be extensively advanced according to the given target and completed against the schedule. The Group will continue to complete the technology upgrading project of the processing plant, optimize the technological indicators of production, reduce the loss of tailings, and enhance the economic efficiency. For smelting, the Group will promote the technology upgrading of hydrometallurgy. In addition, the Group will closely keep abreast of the advanced technologies and information, both domestic and international, exchange idea more frequently with domestic peers in the smelting sector, raise the awareness and recognition degree of sophisticated and sensitive technologies, including the discharge and treatment technology for wastewater, exhaust gases and waste residues, strive to improve the smelting industrial system, promote the hydrometallurgy industry to fulfill the new environmental protection requirements, and cement the base for the survival and development of the industry. Meanwhile, the Group will ensure the production safety, the fulfillment of environmental protection requirements, zero safety accidents and zero environmental protection hazards, and try to ensure zero death toll, zero environmental protection-related hazards and the safety in passing flood seasons. The management of the Group will also double their efforts to collect trade receivables, tighten cost control, improve efficiency and maintain healthy cashflow.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

The Group generally finances its operations with internally generated funds, medium-term notes and bank loans. The cash and bank balances as at 30 June 2015 amounted to RMB466,864,000.

The total equity attributable to shareholders of the Company as at 30 June 2015 amounted to RMB1,543,012,000 (31 December 2014: RMB1,696,307,000). As at 30 June 2015, the Group had current assets of RMB3,214,791,000 (31 December 2014: RMB3,384,708,000) and current liabilities of RMB4,578,561,000 (31 December 2014: RMB3,268,473,000). The current ratio was 0.70 (31 December 2014: 1.04).

As at 30 June 2015, the Group had total outstanding bank loans of approximately RMB3,622,749,000 with interest rates ranged from 1.90% to 6.30% per annum, of which approximately RMB2,900,309,000 was repayable within one year, approximately RMB517,329,000 was repayable after one year but not exceeding two years and approximately RMB205,111,000 was repayable after two years but not exceeding 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 2015 was 62.5% (31 December 2014: 58.7%) which was calculated as total borrowings divided by total assets value.

### **Security**

As at 30 June 2015, the mining right of Istanbul Gold Mine with carrying value amounting to RMB96,640,000 (31 December 2014: RMB98,661,000) and the ordinary shares of Full Gold were pledged for the loans of RMB246,378,000 (31 December 2014: RMB261,893,000) from the National Development Bank.

As at 30 June 2015, the Group pledged the deposit of RMB42,400,000 (31 December 2014: RMB69,800,000) as the security of the bank loans of RMB95,750,000 (31 December 2014: RMB171,328,000).

## **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 revenue 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 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 2015, the total contracted capital commitments was approximately RMB86,883,000, representing an increase of approximately RMB8,893,000 from approximately RMB77,990,000 as at 31 December 2014.

### *Capital expenditures*

Capital expenditures during the period was approximately RMB104,176,000, including those in relation to the acquisition of property, plant and equipment and construction in progress of approximately RMB97,362,000, and acquisition of intangible assets of approximately RMB6,814,000.

### *Contingent liabilities*

As at 30 June 2015, the Group had no material contingent liabilities.

## *Human resources*

For the six months ended 30 June 2015, the average number of employees of the Group was 6,403. 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 2015.

## **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. Yang Dongsheng, Mr. Xu Qiangsheng, Mr. Han Qinchun, Mr. Wang Jiheng and Mr. Shi Yuchen 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 2015, 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](http://www.hkexnews.hk), and the website of the Company, [www.irasia.com/listco/hk/lingbao](http://www.irasia.com/listco/hk/lingbao). The 2015 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  
26 August 2015

*As at the date of this notice, the Board comprises six executive Directors, namely Mr. Jin Guangcai, Mr. Qiang Shanfeng, Mr. Ji Wanxin, Mr. Xing Jiangze, Mr. Zhang Guo, and Mr. Zhou Yudao; one non-executive Director, namely Mr. Shi Yuchen; and four independent non-executive Directors, namely Mr. Yang Dongsheng, Mr. Xu Qiangsheng, Mr. Han Qinchun and Mr. Wang Jiheng.*