

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 Group Company Ltd.

靈寶黃金集團股份有限公司

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

(Stock Code: 3330)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board of directors (the “**Board**”) of Lingbao Gold Group Company Ltd. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”, “**we**” or “**our**”) for the six months ended 30 June 2022 (the “**Current Period**”). The interim financial results have been reviewed by the Company’s Audit Committee. In addition, the Group’s external auditor has reviewed the interim financial report in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS — UNAUDITED*For the six months ended 30 June 2022**(Expressed in Renminbi Yuan)*

		Six months ended 30 June 2022	Six months ended 30 June 2021
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	3,882,803	2,214,430
Cost of sales		<u>(3,471,291)</u>	<u>(1,989,037)</u>
Gross profit		411,512	225,393
Other revenue		19,177	23,412
Other net gain/(loss)	5(b)	37,168	(10,346)
Selling and distribution expenses		(1,954)	(4,241)
Administrative expenses and other operating expenses		<u>(163,387)</u>	<u>(134,562)</u>
Profit from operations		302,516	99,656
Finance costs	5(a)	(58,759)	(37,830)
Share of (losses)/profits of associates		<u>(642)</u>	<u>4,284</u>
Profit before taxation	5	243,115	66,110
Income tax	6	<u>(62,213)</u>	<u>(25,236)</u>
Profit for the period		<u>180,902</u>	<u>40,874</u>
Attributable to:			
Equity shareholders of the Company		<u>179,361</u>	<u>51,590</u>
Non-controlling interests		<u>1,541</u>	<u>(10,716)</u>
Profit for the period		<u>180,902</u>	<u>40,874</u>
Basic and diluted earnings per share (RMB cents)	7	<u>20.8</u>	<u>6.0</u>

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

For the six months ended 30 June 2022

(Expressed in Renminbi Yuan)

	Six months ended 30 June 2022	Six months ended 30 June 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	180,902	40,874
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(45,208)</u>	<u>8,431</u>
Total comprehensive income for the period	<u>135,694</u>	<u>49,305</u>
Attributable to:		
Equity shareholders of the Company	142,585	58,428
Non-controlling interests	<u>(6,891)</u>	<u>(9,123)</u>
Total comprehensive income for the period	<u>135,694</u>	<u>49,305</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED

At 30 June 2022

(Expressed in Renminbi Yuan)

		At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	9	1,698,353	1,754,699
Construction in progress	9	462,240	422,633
Intangible assets	10	1,055,202	1,088,435
Goodwill		4,717	4,717
Right-of-use assets		140,379	118,505
Interest in associates		27,978	28,620
Other financial assets		4,520	4,520
Non-current prepayments		18,812	14,294
Deferred tax assets		340,224	323,612
Other non-current assets		8,000	8,000
		3,760,425	3,768,035
Current assets			
Inventories	11	1,590,199	1,518,855
Trade and other receivables	12	323,809	193,505
Assets classified as held for sale	9	9,722	—
Pledged deposits		1,884,270	1,363,361
Cash and cash equivalents		232,025	160,145
		4,040,025	3,235,866

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED

(Continued)

At 30 June 2022

(Expressed in Renminbi Yuan)

		At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
	<i>Note</i>		
Current liabilities			
Bank and other borrowings	13	4,085,612	3,542,876
Trade and other payables	14	1,106,514	1,072,020
Contract liabilities		11,762	30,045
Lease liabilities		9,840	480
Loan from shareholders		—	40,000
Current tax payable		129,480	74,671
		<u>5,343,208</u>	<u>4,760,092</u>
Net current liabilities		<u>(1,303,183)</u>	<u>(1,524,226)</u>
Total assets less current liabilities		<u>2,457,242</u>	<u>2,243,809</u>
Non-current liabilities			
Bank and other borrowings	13	100,000	—
Other payables	14	443,299	484,955
Lease liabilities		21,396	3,157
Deferred tax liabilities		8,600	7,501
		<u>573,295</u>	<u>495,613</u>
NET ASSETS		<u>1,883,947</u>	<u>1,748,196</u>
CAPITAL AND RESERVES			
	15		
Share capital		172,850	172,850
Reserves		1,898,823	1,756,181
Total equity attributable to equity shareholders of the Company		<u>2,071,673</u>	<u>1,929,031</u>
Non-controlling interests		<u>(187,726)</u>	<u>(180,835)</u>
TOTAL EQUITY		<u>1,883,947</u>	<u>1,748,196</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 BASIS OF PREPARATION

The 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, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 10 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Lingbao Gold Group Company Ltd. (the “**Company**”) and its subsidiaries (together “**the Group**”) since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

As at 30 June 2022, the Group had net current liabilities of RMB1,303 million, total borrowings of RMB4,186 million and capital commitments of RMB524 million.

In view of these circumstances, the Directors of the Company have assessed whether the Group will have sufficient financial resources to continue as a going concern for the upcoming 12 months after 30 June 2022, considering various factors affecting future liquidity of the Group, namely, the Group’s future operating cash inflow projected as at 30 June 2022, the Group’s future proceeds from allotment as disclosed in note 15, the Group’s unutilised banking facilities related to unsecured bank borrowings of RMB130 million, the Group’s ability to renew or refinance banking facilities upon maturity, and its ability to adjust scheduled capital commitments.

Based on the above, the Directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern. Should the Group not be able to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

2 CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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 organized 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 identified four reportable segments for the six months ended 30 June 2022 (2021: three 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 — KR	— Gold mining and mineral ores processing operations in the Kyrgyz Republic (“KR”).
Smelting	— Gold and other metal smelting and refinery operations carried out in the PRC.
Retailing	— Gold and other jewellery retailing operations in the PRC.

3 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

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 periods is set out below.

	Mining — PRC		Mining — KR		Smelting		Retailing		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended										
30 June										
Revenue from external										
customers	3,338	48,072	—	—	3,896,097	2,169,557	4,439	—	3,903,874	2,217,629
Inter-segment revenue	940,964	517,154	74,740	—	—	—	—	—	1,015,704	517,154
Sales taxes and levies	(247)	(2,555)	(20,421)	—	(346)	(644)	(57)	—	(21,071)	(3,199)
Reportable segment revenue	944,055	562,671	54,319	—	3,895,751	2,168,913	4,382	—	4,898,507	2,731,584
Reportable segment profit/										
(loss)	348,118	192,955	3,549	(44,710)	48,162	(26,152)	(128)	—	399,701	122,093
(Provision)/reversal of										
impairment on:										
— trade and other										
receivables	(800)	(1,600)	—	—	(6,000)	—	—	—	(6,800)	(1,600)
— purchase deposits	—	—	—	—	(5,463)	20	—	—	(5,463)	20
— right-of-use assets	(17,519)	—	—	—	—	—	—	—	(17,519)	—
As at 30 June/31 December										
Reportable segment assets	3,572,826	3,460,741	642,876	540,728	2,962,169	2,722,614	32,822	—	7,210,693	6,724,083
Reportable segment liabilities	2,065,536	2,261,007	1,576,363	1,442,375	2,169,053	1,968,129	22,825	—	5,833,777	5,671,511

3 SEGMENT REPORTING (Continued)

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

	Six months ended 30 June 2022 <i>RMB'000</i>	Six months ended 30 June 2021 <i>RMB'000</i>
Revenue		
Reportable segment revenue	4,898,507	2,731,584
Elimination of inter-segment revenue	<u>(1,015,704)</u>	<u>(517,154)</u>
Consolidated revenue	<u><u>3,882,803</u></u>	<u><u>2,214,430</u></u>
Profit or loss		
Reportable segment profit	399,701	122,093
Elimination of inter-segment (loss)/profit	<u>(97,677)</u>	<u>13,896</u>
Reportable segment profit derived from the Group's external customers	302,024	135,989
Share of (losses)/profits of associates	(642)	4,284
Other net gain/(loss)	37,168	(10,346)
Finance costs	(58,759)	(37,830)
Unallocated head office and corporate expenses	<u>(36,676)</u>	<u>(25,987)</u>
Consolidated profit before taxation	243,115	66,110
Income tax	<u>(62,213)</u>	<u>(25,236)</u>
Profit for the period	<u><u>180,902</u></u>	<u><u>40,874</u></u>

4 REVENUE

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

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

Disaggregation of Revenue

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

	Six months ended 30 June 2022 RMB'000	Six months ended 30 June 2021 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products lines		
— Sales of gold	3,782,195	2,067,842
— Sales of other metals	86,586	142,426
— Sales of jewellery	4,440	—
— Others	30,653	7,360
Less: Sales taxes and levies	(21,071)	(3,198)
	<u>3,882,803</u>	<u>2,214,430</u>

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

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June 2022 RMB'000	Six months ended 30 June 2021 RMB'000
(a) Finance costs:		
Interest expenses on bank loans	39,616	32,047
Interest expenses on lease liabilities	747	241
Other borrowing costs	18,396	5,542
	<u>58,759</u>	<u>37,830</u>
(b) Other net (gain)/loss:		
Net realised and unrealised gain on financial instruments at fair value	(2,835)	(2,763)
Net foreign exchange (gain)/loss	(53,089)	4,418
Provision for legal claims	—	8,165
Impairment losses of right-of-use assets	17,519	—
Others	1,237	526
	<u>(37,168)</u>	<u>10,346</u>
(c) Other items:		
Depreciation of right-of-use assets	2,183	3,041
Amortisation of intangible assets	41,087	13,288
Depreciation of property, plant and equipment	100,624	106,011
Less: Depreciation capitalised into construction in progress	(318)	(232)
	<u>100,306</u>	<u>105,779</u>
Provision/(reversal) of impairment losses on:		
— right-of-use assets	17,519	—
— trade and other receivables	6,800	1,600
— investment deposits	—	841
— purchase deposits	5,463	(20)
Government grants	3,779	6,669
Bank interest income	11,920	9,303

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June 2022 <i>RMB'000</i>	Six months ended 30 June 2021 <i>RMB'000</i>
Current tax — PRC income tax		
Provision for the period	81,916	32,893
Over-provision in respect of prior years	(4,190)	(205)
Deferred taxation	<u>(15,513)</u>	<u>(7,452)</u>
	<u>62,213</u>	<u>25,236</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, Habahe Huatai Gold Company Limited (“**Huatai**”) was accredited as a “High and New Technology Enterprise” in December 2020 with 3-year validity period. Huatai was entitled to a preferential income tax rate of 15% since 1 January 2021.

- (b) Hong Kong profits tax rate for 2022 is 16.5% (2021: 16.5%). No provision for Hong Kong profits tax is made as the subsidiary located in Hong Kong did not earn any income which is subject to Hong Kong profits tax.
- (c) Kyrgyzstan corporate income tax rate (“**KR CIT**”) in 2022 is 0% (2021: 0%).

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

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2022 is based on the earnings attributable to equity shareholders of the Company of RMB179,361,000 (six-month period ended 30 June 2021: RMB51,590,000) and 864,249,091 ordinary shares in issue during the six-month period ended 30 June 2022 (six-month period ended 30 June 2021: 864,249,091 ordinary shares).

(b) Diluted earnings per share

The diluted earnings per share for the six-month period ended 30 June 2022 and 2021 are the same as the basic earnings per share as there are no dilutive potential ordinary shares during the periods.

8 DIVIDENDS

(i) Dividends payable to equity shareholders attributable to the interim period

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period

No final dividend in respect of the previous financial year has been approved during the interim period (six months ended 30 June 2021: Nil).

9 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Acquisitions and disposals of owned assets

During the six months ended 30 June 2022, acquisitions of property, plant and equipment and additions of construction in progress of the Group amounted to RMB2,056,000 (six months ended 30 June 2021: RMB30,381,000) and RMB91,867,000 (six months ended 30 June 2021: RMB274,374,000), respectively. Items of property, plant and equipment with an aggregate net book value of RMB2,239,000 was disposed of during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB683,000), resulting in a loss on disposal of RMB1,603,000 (six months ended 30 June 2021: loss on disposal of RMB573,000).

Items of property, plant and equipment with an aggregate net book value of RMB9,722,000 was transferred to “assets classified as held for sale” during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil), as these assets are available for immediate sales and its sales is highly probable.

10 INTANGIBLE ASSETS

Acquisitions and disposals

During the six months ended 30 June 2022, additions of exploration and evaluation assets and mining rights made by the Group amounted to RMB299,000 and Nil respectively (six months ended 30 June 2021: Nil and RMB38,614,000 respectively). Intangible asset of RMB1,505,000 was disposed during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

11 INVENTORIES

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Raw materials	984,869	828,402
Work in progress	200,737	156,733
Finished goods	306,973	422,472
Spare parts and materials	97,620	111,248
	<u>1,590,199</u>	<u>1,518,855</u>

The analysis of the amount of inventories recognised as an expense and included in profit and loss is as follows:

	Six months ended 30 June 2022 <i>RMB'000</i>	Six months ended 30 June 2021 <i>RMB'000</i>
Carrying amount of inventories sold	3,483,563	1,966,407
(Reversal of write-down)/write-down of inventories	<u>(12,272)</u>	<u>22,630</u>
	<u>3,471,291</u>	<u>1,989,037</u>

12 TRADE AND OTHER RECEIVABLES, DEPOSITS

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

		At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Within 3 months		63,196	11,819
Over 3 months but within 1 year		6,104	12,669
Trade debtors and bills receivable, net of loss allowance	<i>(a)</i>	69,300	24,488
Other receivables, net of loss allowance		76,071	65,949
Amounts due from related parties		—	231
Financial assets measured at amortised cost		145,371	90,668
Financial assets at fair value through profit or loss		2,192	485
Deposits and prepayments		160,078	49,099
Purchase deposits, net of allowance for non-delivery	<i>(b)</i>	16,168	53,253
		323,809	193,505

Transfers of financial assets

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

As at 30 June 2022, the Group endorsed certain bank acceptance bills with a carrying amount of RMB6,354,000(31 December 2021: RMB9,283,000) to suppliers for settling trade payables of the same amount on a full recourse basis. As the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, the Group's management determined not to derecognise the carrying amounts of these bills receivable and the associated trade payables settled.

12 TRADE AND OTHER RECEIVABLES, DEPOSITS (Continued)

Transfers of financial assets (Continued)

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

As at 30 June 2022, 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 less than twelve months from the end of the reporting period. The Group's management determined that the Group has transferred substantially all the risks and rewards of ownership of these bills to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit rating and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 30 June 2022, 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 RMB836,000 (31 December 2021: RMB19,000,000) and RMB4,370,000 (31 December 2021: RMB14,050,000), respectively.

- (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 30 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.

13 BANK AND OTHER BORROWINGS

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

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Short-term bank and other borrowings:		
— Bank and other borrowings	4,057,760	3,507,810
— Add: Current portion of long-term bank and other borrowings	<u>27,852</u>	<u>35,066</u>
	<u>4,085,612</u>	<u>3,542,876</u>
Long-term bank and other borrowings:		
— Bank and other borrowings	127,852	35,066
— Less: Current portion of long-term bank and other borrowings	<u>(27,852)</u>	<u>(35,066)</u>
	<u>100,000</u>	<u>—</u>
	<u>4,185,612</u>	<u>3,542,876</u>

At 30 June 2022, the bank and other borrowings were repayable as follows:

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Within one year or on demand	4,085,612	3,542,876
Over one year but within two years	<u>100,000</u>	<u>—</u>
	<u>4,185,612</u>	<u>3,542,876</u>

At 30 June 2022, the bank and other borrowings were secured as follows:

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Bank and other borrowings		
— Secured	2,342,587	1,857,429
— Guaranteed	896,598	891,791
— Unsecured	<u>946,427</u>	<u>793,656</u>
	<u>4,185,612</u>	<u>3,542,876</u>

13 BANK AND OTHER BORROWINGS (Continued)

At 30 June 2022, bank and other borrowings of a subsidiary, named Shenzhen Jinda Gold Company Limited, amounting to RMB40,000,000 were secured by its building with carrying amount of RMB64,808,000, and guaranteed by the Company.

At 30 June 2022, bank and other borrowings of the Group amounting to RMB1,662,587,000 were secured by pledged deposits with the carrying amount of RMB1,491,300,000.

At 30 June 2022, bank and other borrowings of the Group amounting to RMB728,746,000 were guaranteed by the D&R Asset Management Group Company Limited (“**D&R Investment**”), a major shareholder of the Group, with maximum guarantees of RMB750,000,000.

At 30 June 2022, bank and other borrowings of the Group amounting to RMB640,000,000 were secured by pledged deposits with the carrying amount of RMB345,000,000 and guaranteed by D&R Investment with maximum guarantees of RMB295,000,000.

At 30 June 2022, bank loans of the Company amounting to RMB140,000,000 were guaranteed by a subsidiary named Huatai with maximum guarantees of RMB140,000,000 and D&R Investment with maximum guarantees of RMB140,000,000, respectively.

At 30 June 2022, a bank loan of a subsidiary, named Full Gold Mining Limited Liability Company (“**Full Gold**”), amounting to USD4,150,000 (RMB equivalent 27,852,000) was guaranteed by the Company.

Certain of the Group’s bank loan agreements were subject to the fulfilment of covenants imposing certain specific performance requirements on the Group. If the Group were to breach the covenants, bank loans drawn down would become payable on demand. As at 30 June 2022, certain covenants of a bank loan agreement were breached by its subsidiary named Full Gold, of which no waiver letter had been obtained as at 30 June 2022. Accordingly, the outstanding balance of this bank loan amounting to USD4,150,000 (RMB equivalent 27,852,000) was recorded as current liabilities as at 30 June 2022.

14 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:

	<i>Note</i>	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Current trade and other payables			
Within 3 months		291,352	281,980
Over 3 months but within 6 months		10,075	16,909
Over 6 months but within 1 year		6,821	9,922
Over 1 year but within 2 years		9,065	4,549
Over 2 years		14,683	12,854
		<u>331,996</u>	<u>326,214</u>
Total trade creditors		331,996	326,214
Bills payable		60,000	74,000
Other payables and accruals		503,941	472,851
		<u>503,941</u>	<u>472,851</u>
Total creditors and bills payable		895,937	873,065
Interest payables		470	1,139
Payable for mining rights		122,217	111,934
Deferred income	(a)	80,656	79,779
Payable to non-controlling interests		52	52
Financial liabilities at fair value through profit or loss		2,424	1,293
Dividend payable		4,758	4,758
		<u>1,106,514</u>	<u>1,072,020</u>
Non-current other payables			
Decommissioning costs	(b)	109,420	114,559
Deferred income	(a)	56,118	59,364
Payable for long-term assets	(c)	277,761	311,032
		<u>443,299</u>	<u>484,955</u>

14 TRADE AND OTHER PAYABLES (Continued)

Notes:

- (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) The decommissioning costs relate to reclamation and closure costs relating to the Group's mine operations. The decommissioning costs are calculated as the net present value of estimated future net cash flows of the reclamation and closure costs, discounted at 4.9%, which amounted to RMB109,420,000 (31 December 2021: RMB114,559,000) in total as at 30 June 2022.
- (c) Payable for long-term assets represents non-current payables in respect of procurement of property, plant and equipment, construction in progress and mining right.

15 CAPITAL AND RESERVE

Share capital

	Number of shares	Amount <i>RMB'000</i>
As at 31 December 2021, 1 January 2022 and 30 June 2022		
Registered, issued and fully paid:		
Domestic shares of RMB0.20 each	566,975,091	113,395
H shares of RMB0.20 each	297,274,000	59,455
Total	<u>864,249,091</u>	<u>172,850</u>

All Domestic shares and H shares are ordinary shares and rank pari passu with the same rights and benefits.

The Company and D&R Investment entered into the Subscription Agreement on 11 November 2021, pursuant to which the Company has conditionally agreed to issue and allot, and D&R Investment has conditionally agreed to subscribe for, 319,772,164 H shares ("the Subscription"), representing approximately 37.0% of the issued share capital of the Company as at 11 November 2021 and approximately 27.0% of the enlarged share capital of the Company after completion of the Subscription, at the subscription price of HKD0.85 per H share. D&R Investment is a substantial shareholder of the Company holding 185,339,000 Domestic shares representing approximately 21.4% of the total number of issued shares as at 31 December 2021.

15 CAPITAL AND RESERVE (Continued)

Share capital (Continued)

The Company obtained the approval of independent shareholders to proceed with the Subscription pursuant to the adjourned extraordinary general meeting, the adjourned domestic shareholders class meeting and the adjourned H shareholders class meeting held on 17 January 2022. It is expected that the gross proceeds from the Subscription will be approximately HKD272 million and the net proceeds from the Subscription will be not less than approximately HKD266 million (after deduction of expenses of the Subscription). The estimated net subscription price for each share of Subscription will be approximately HKD0.83.

The Subscription has not yet been completed as at 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Business and Prospect

In the first half of 2022, the Group produced approximately 9,172 kg (equivalent to approximately 294,880 ounces) of gold bullion, representing an increase of approximately 3,703 kg (equivalent to approximately 119,051 ounces) as compared with the corresponding period of the previous year. The increase in the production volume of gold bullion was primarily due to (i) a year-on-year increase of approximately 139% in the overall production volume of the mining segment as a result of the Group's efforts to strengthen the management of mines by enabling major mines to organize production at full capacity, further releasing the production potential; (ii) an overall increase in the production volume of gold bullion as a result of full operation of the Group's smelting plant. To enhance the capital utilisation efficiency, there was an increase in the production volume of gold bullion processed from compound gold purchased from external suppliers in the smelting segment of the Group. For the six months ended 30 June 2022 (the "**Current Period**"), the Group's revenue increased by approximately 75.3% to approximately RMB3,882,803,000 as compared with that of the corresponding period of the previous year, due to an overall increase in the production volume of gold bullion. The significant increase in the production volume during the Current Period was due to the Group's continued optimisation of the mine production system, enhancement of the production capacity of the mining segment, continuous improvement of the internal control system of the Group and strengthened production management. The net profit of the Group for the Current Period was approximately RMB180,902,000 (six months ended 30 June 2021: net profit of RMB40,874,000). The basic earnings per share of the Company for the Current Period was RMB0.21 (six months ended 30 June 2021: RMB0.06).

The Group's mineral resources are mainly scattered in the regions of Henan, Xinjiang, Inner Mongolia, Jiangxi and Gansu of the People's Republic of China (the "**PRC**") and Kyrgyz Republic ("**KR**") with 33 mining and exploration rights as at 30 June 2022, covering 246.71 square kilometers. The total gold reserves and resources as at 30 June 2022 were approximately 134.74 tonnes (4,331,841 ounces).

1. Mining Segment

Revenue 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 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			
		2022		2021	
	Unit	<i>Approximate production volume</i>	<i>Approximate sales volume</i>	<i>Approximate production volume</i>	<i>Approximate sales volume</i>
Gold concentrates (contained gold)	kg	2,457	2,399	1,029	1,117
Compound gold	kg	<u>376</u>	<u>374</u>	<u>447</u>	<u>465</u>
Total	kg	2,833	2,773	1,476	1,582
Total	Ounce	<u>91,081</u>	<u>89,152</u>	<u>47,453</u>	<u>50,861</u>

The Group's total revenue from the mining segment for the Current Period was approximately RMB998,374,000, representing an increase of approximately 77.4% from approximately RMB562,671,000 for the corresponding period in 2021. Such increase benefited from a year-on-year increase in the sales volume of various mines due to the Group's efforts to strengthen internal control management. Among which, the production volume of Nanshan Branch and Tongbai Xingyuan Mining Company Limited ("Xingyuan") in the PRC significantly increased as compared with that of the previous year; and the production volume of Full Gold in KR also increased as compared with that of the previous year due to the release of its production capacity in the first half of 2022. Furthermore, for the revenue from the mining segment during the Current Period, revenue derived from Mining — PRC was RMB944,055,000 (six months ended 30 June 2021: RMB562,671,000), and revenue from Mining— KR was RMB54,319,000 (six months ended 30 June 2021: nil). During the Current Period, the turnover in Henan, Xinjiang, KR and Inner Mongolia represented approximately 80%, 14%, 6% and 0% of the total turnover from the mining segment, respectively. The production of compound gold in mining segment decreased by approximately 71 kg to approximately 376 kg, while the production of gold concentrates increased by approximately 1,428 kg to approximately 2,457 kg.

Segment results

The Group's total profit of the mining segment for the Current Period was approximately RMB351,667,000, representing an increase of approximately 137.2% as compared with the total profit of approximately RMB148,245,000 for the corresponding period in 2021, among which, the profit from Mining — PRC was approximately RMB348,118,000 (six months ended 30 June 2021: RMB192,955,000), and the profit from Mining — KR was approximately RMB3,549,000 (six months ended 30 June 2021: loss of approximately RMB44,710,000). The segment result to segment revenue ratio of the Group's mining segment for the Current Period was approximately 35.2%, compared with approximately 26.3% in the corresponding period in 2021.

During the Current Period, the profit of the Mining — PRC segment significantly increased by approximately 80.4% as compared with that in the corresponding period in 2021, mainly benefiting from the continued improvement on the operations in the mining segment. In particular, various mining entities in the PRC optimised their management, and rationalise their production schedule, as a result of which the overall production and sales increased as compared with that in the corresponding period last year.

During the Current Period, the Mining — KR segment successfully resumed production and turned around and recorded a profit. Full Gold produced 319 kg gold by technologically enhancing and improving the recovery rate of mineral separation. Meanwhile, Full Gold overcame the impact of factors such as pandemic conditions and manpower shortage, strengthened cost control, and thoroughly implemented the cost reduction and efficiency enhancement plan, so that the operating results in the first half of 2022 continued to improve.

Based on the above, there was an improvement in the mining and mineral separation efficiency of the Group's mining segment as compared with that of the corresponding period in 2021, and the profit of the mining segment increased by approximately 137.2% as compared with that of the corresponding period in 2021.

2. *Smelting Segment*

The Group's existing melting plant is situated in Henan Province, and is capable of processing gold, silver, copper products 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			
		2022		2021	
		<i>Approximate production volume</i>	<i>Approximate sales volume</i>	<i>Approximate production volume</i>	<i>Approximate sales volume</i>
Gold bullion (processed from gold concentrates)	kg	5,550	6,052	4,279	4,265
	ounce	178,433	194,572	137,570	137,120
Gold bullion (processed from compound gold purchased externally)	kg	3,622	3,622	1,190	1,082
	ounce	116,447	116,447	38,259	34,786
Silver	kg	6,997	4,056	6,985	8,532
	ounce	224,954	130,400	224,568	274,304
Copper products	tonne	1,609	1,092	1,784	1,795
Sulphuric acid	tonne	53,975	59,060	43,109	43,542

Sales and production

The Group's total revenue from the smelting segment for the Current Period was approximately RMB3,895,751,000, representing an increase of approximately 79.6% from approximately RMB2,168,913,000 for the corresponding period in 2021.

During the Current Period, increase in total revenue of the smelting segment was mainly due to the full operating capacity of the smelting plant of the Group, which led to an increase of 3,703 kg in the overall production volume of gold bullion. Among which, with an improvement in the capital utilization efficiency, the smelting segment saw an increase in the production volume of gold bullion from compound gold purchased from our suppliers. At the same time, besides strictly implementing the cost reduction and efficiency enhancement system, the Group tightened control over internal procurement, rationalized mining blend and optimised the output grade with new tailings disposal facilities to improve the recovery rate. These said measures resulted in an increase in the number of gold bullion processed from gold concentrates. Moreover, international gold prices continued to rise in the first half of 2022, resulting in an increase in revenue from the smelting segment.

Segment results

The Group's smelting segment successfully turned around and recorded a profit of RMB48,162,000 for the Current Period, compared to a loss of approximately RMB26,152,000 for the same period in 2021. During the Current Period, the Group continued to strictly implement the cost reduction and efficiency enhancement system. Compared with the same period of the previous year, the Group organized the implementation of the technical transformation of the treatment of dusty flue gas and nitrogen oxides in refined metallurgy, optimized the production process and shortened the electrolysis cycle from the original over 30 hours to the current 12 hours, which improved the production efficiency and capital utilization efficiency. By implementing the renovation of superfine mill and introducing Aisha mill, the Group improved the recovery rate and carried out the technical reform management of auxiliary material consumption to effectively reduce the consumption of auxiliary materials in the production process and realized cost reduction and efficiency enhancement. Meanwhile, Jinda Gold's pre-sale of gold TD increased both the unit selling prices and operational efficiencies.

CONSOLIDATED OPERATING RESULTS

Revenue

The following table sets forth the analysis on the Group's sales by product category:

Product name	Amount (RMB'000)	For the six months ended 30 June		Amount (RMB'000)	2021	
		2022	Average unit price (RMB per kg/tonne)		Sales volume	Average unit price (RMB per kg/tonne)
Gold bullion	3,771,773	9,678 kg	389,726	2,018,570	5,347 kg	377,514
Silver	17,472	3,994 kg	4,374	40,637	8,532 kg	4,763
Copper products	69,114	1,092 tonnes	63,291	101,790	1,795 tonnes	56,707
Sulphuric acid	30,328	59,060 tonnes	514	7,560	43,542 tonnes	174
Gold concentrates	10,421	29	359,345	42,682	136 kg	313,838
Others	4,766			6,389		
Revenue before tax	3,903,874			2,217,628		
Less: Sales taxes and levies	(21,071)			(3,198)		
	<u>3,882,803</u>			<u>2,214,430</u>		

The Group's revenue for the Current Period was approximately RMB3,882,803,000, representing an increase of approximately 75.3% as compared with the corresponding period in 2021, primarily due to an overall increase in the revenue benefitting from an increase in the production volume of the gold bullion and buoyant international gold prices during the Current Period.

Gross profit and gross profit margin

The Group's gross profit and gross profit margin for the Current Period were RMB411,512,000 and 10.6%, respectively, and the gross profit and gross profit margin for the corresponding period of the previous year were RMB225,393,000 and 10.2%, respectively, which was basically flat.

OUTLOOK AND PLANNING

Looking into the second half of 2022, we will deepen the implementation of the strategy of “focusing on the main business of mining, increasing production volume of gold, streamlining management and enhancing quality and efficiency” by focusing on the objectives of “securing a foothold in Henan, orienting towards the country nationwide and going global”. Furthermore, by strengthening the main business with effective management, as well as establishing a prominent brand with solid performance, we will advance the high-quality sustainability development of the Group.

(I) To strive for the best performance by keeping abreast of the annual targets

In the second half of the year, we will seize the favorable opportunity for gold production with responsibilities clarified and established, so as to ensure the Group’s successful completion of the targets set for the year. Our advantageous backbone enterprises should strengthen their responsibilities and commitments to enhance production and efficiency, and consolidate and improve operating results. As for enterprises with poor performance indicators and loss-making enterprises, they shall take the initiative to draw plans to minimize losses and turn into profits. It is necessary to unwaveringly persist in production and capacity expansion, and exhaust all means to resolve key issues that affect production and operation.

(II) To devise a blueprint for future development by facilitating structural reform and industrial realignment

We are required to accurately capitalize on market opportunities, and fully align with the new strategies of the Group, so as to constantly enhance competitiveness and risk resistance capacity. In addition, we are required to complete private placements to provide financial support for the subsequent expansion of exploration investments and production scale. To transform Lingbao Gold into a powerhouse, we shall increase gold production, especially mine-produced gold output. To grow Lingbao Gold into a conglomerate, we shall further expand compound gold refining business, and then develop Lingbao Gold into a conglomerate with a complete industry chain by accelerating the implementation of the gold industrial park project. In accelerating the smart mine construction, we are required to facilitate the upgrading and transformation of the smelting segment. Besides maintaining gold mining as a major operation, we shall moderately diversify our business development.

(III) To promote in-depth exercise of cost control by focusing on the cost leadership strategy

With the features of mining and smelting enterprises taken into account, we are required to re-examine each process, broaden our mind, and keep abreast of changing concepts, so as to minimize costs and strengthen competitiveness under the conditions of meeting production technology and process indicators. To provide decision-making basis for the Group to exercise cost control, we are required to strengthen the comprehensive cost analysis by gradually standardizing the cost report analysis system.

(IV) To consolidate the foundation to safeguard resources by strengthening mineral prospecting to expand and manage mineral reserves

Besides continuing to strengthen the daily management and process monitoring of mineral prospecting and reserve increase of mining enterprises, we are required to study and resolve various issues identified in mineral prospecting and reserve expansion, so as to ensure the key engineering projects continue to move forward efficiently. Furthermore, in providing resources to support the innovation and development of the Group, we are required to expedite the promotion of key prospecting projects of our mining enterprises.

(V) To enhance risk control and prevention by tightening internal control and compliance management

We are required to focus on system development and management vulnerabilities to improve a standardized, efficient and transparent corporate governance system, as well as to ensure high-quality and efficient implementation of strategic plans. As a result, the Group will enhance its capability to create values and the standards of lean management. To persist in legal and compliant operation, we are required to establish an effective compliance management mechanism, thoroughly improve corporate governance, and make constant improvement in management. These efforts will lead to the establishment of compliance management mechanisms and systems that comprise the entire production and operation process, as well as various business links and management levels.

(VI) To turn institutional advantages into governance effectiveness by accelerating and deepening the reform

We shall insist on reform and innovation to promote the systematic restructuring of the Group's control system. It is necessary to focus on the top-level design and promote the implementation of the overall plan for comprehensively deepening the reform and related special reform tasks of the Group. We are required to promote the reform of the systems and mechanism, as well as to improve and enhance the Group's control system, so as to modernize our corporate governance. In addition, we are required to enhance the effectiveness of reform and establish a fully market-oriented assessment and incentive mechanism to control and make up for deficits with reform and innovative thinking. Furthermore, we are required to promote the reform of the performance appraisal mechanism by implementing the tenure system and contractual management of the cadres in charge of major production enterprises. The "bottom-out mechanism" system shall be enforced to strengthen the cadre management.

(VII) To ensure safe and civilized production throughout the year by persisting in the awareness of red line and bottom line

We are required to remain conscious that "production safety never comes to a fishing line", as well as to enhance the safety practice awareness. We shall strive to resolve the issues and prevent their recurrence, while maintaining a long-proven track record of zero safety or environmental accidents. By doing so, we will achieve the goal of intrinsic safety. Furthermore, we shall pursue pragmatic approaches for environmental protection and strengthen the awareness of environmental risks. To this end, we shall persist in clean production, control pollution at source, and optimize chemical processes to ensure that all pollutants are discharged in accordance with the standards.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its operations with internally generated funds, bank loans and loans from other financial institutions. The cash and cash equivalents balances as at 30 June 2022 amounted to RMB232,025,000 (31 December 2021: RMB160,145,000).

The total equity attributable to the equity shareholders of the Company as at 30 June 2022 amounted to RMB2,071,673,000 (31 December 2021: RMB1,929,031,000). As at 30 June 2022, the Group had current assets of RMB4,040,025,000 (31 December 2021: RMB3,235,866,000) and current liabilities of RMB5,343,208,000 (31 December 2021: RMB4,760,092,000). The current ratio was 75.6% (31 December 2021: 68.0%).

As at 30 June 2022, the Group had total outstanding bank and other borrowings of approximately RMB4,185,612,000 (with interest rates ranging from 2.5% to 5.3% per annum). Approximately RMB4,085,612,000 shall be repayable within one year and approximately RMB100,000,000 should be repayable over one year but within two years. The gearing ratio as at 30 June 2022 was 53.7% (31 December 2021: 50.6%), which was calculated by total borrowings divided by total assets.

As at 30 June 2022, the Group had unutilised banking facilities related to unsecured bank borrowings of approximately RMB130,000,000. These facilities could be drawn down by the Group to finance its operation. Based on the past experience and the communication with banks, the Board believes that the Company has the ability to renew or secure banking facilities upon maturity.

In order to effectively lower the debt ratio and improve the financing ability of the Group, the Group has taken the following measures:

- 1) to increase the production volume of the gold bullion and generate cash flows from operating activities by strengthening internal management and optimizing cost reduction and efficiency enhancement measures, and increasing the output of gold bullion processed from gold concentrates;
- 2) to secure certain funding by enhancing the communication and promoting mutual trust between the Group and banks and other financial institutions as well as taking advantage of the government's relatively loose financing policies;
- 3) to increase supply chain financing by taking full advantage of the attribute of high liquidity of inventories in the gold mining industry;
- 4) to increase liquidity and reduce short-term borrowings, the Group will arrange more secured long-term loan facilities at lower interest rates by the pledging of property, plant and equipment of the Group; and
- 5) to obtain financing upon the completion of subscription of the Company's shares (as described in the circular dated 31 December 2021). The net proceeds from the subscription will be used to meet the Group's production and working capital needs, which will enhance the liquidity of the Company and further lower its gearing ratio.

Security and Guarantee

As at 30 June 2022, bank and other borrowings of Shenzhen Jinda, amounting to RMB40,000,000 were secured by its building with carrying amount of RMB64,808,000, and guaranteed by the Company.

As at 30 June 2022, bank and other borrowings of the Group amounting to RMB1,662,587,000 were secured by pledged deposits with carrying amount of RMB1,491,300,000.

As at 30 June 2022, bank and other borrowings of the Group amounting to RMB728,746,000 were guaranteed by D&R Investment, a major shareholder of the Group, with maximum guarantees of RMB750,000,000.

As at 30 June 2022, bank and other borrowings of the Group amounting to RMB640,000,000 were secured by pledged deposits with the carrying amount of RMB345,000,000 and guaranteed by D&R Investment with maximum guarantees of RMB295,000,000.

As at 30 June 2022, a bank loan of a subsidiary, named Full Gold, amounting to USD4,150,000 (RMB equivalent 27,852,000) was guaranteed by the Company.

As at 30 June 2022, bank loans of the Company amounting to RMB140,000,000 were guaranteed by a subsidiary named Huatai with maximum guarantees of RMB140,000,000 and D&R investment with maximum guarantees of RMB140,000,000, respectively.

Market Risks

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

Gold price and other commodities price risk

The Group's revenue and profit for the Current Period were affected by fluctuations in the gold prices and other commodities prices as all our products were sold at market prices and such fluctuations in prices were beyond our control. The Group does not use and strictly prohibits the use of commodity derivative instruments or futures for speculation purpose. All commodity derivative instruments are used to minimise the potential price fluctuation of gold and other commodities.

Interest rate risk

The Group is exposed to risks associated with the fluctuation in interest rates on our debt obligations. The Group undertakes debt obligations for general corporate purposes such as support of capital expenditure and working capital. The Group's 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. If the People's Bank of China increases the interest rates, our finance costs will increase accordingly. In addition, to the extent that we may need to raise our 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. As such, fluctuations in exchange rates may affect the international and domestic gold prices, and our operational results may be affected. Renminbi is not freely convertible and could 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, trade and other receivables, trade and other payables and bank loans, which are denominated in foreign currencies. The currency risk is primarily from 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.

Contractual Obligations

As at 30 June 2022, the Group's total capital commitments in respect of the contracted construction costs and the authorised but not contracted construction costs which were not provided for in the financial statements were approximately RMB154,026,000 (31 December 2021: RMB102,532,000) and RMB370,058,000 (31 December 2021: RMB372,944,000), respectively, representing an increase of approximately RMB51,494,000 and a decrease of approximately RMB2,886,000, respectively.

Capital Expenditure

For the Current Period, the Group's capital expenditure was approximately RMB94,222,000, representing a decrease of approximately 72.6% from approximately RMB343,369,000 for the corresponding period in 2021.

The Group's capital expenditure mainly relates to the construction of mining shafts, renewal of mining rights for other relevant subsidiaries, expansion of project equipment and upgrading of production equipment.

Contingent Liabilities

As at 30 June 2022, the Group had no material contingent liabilities.

Human Resources

For the six months ended 30 June 2022, the average number of employees of the Group was 3,888. The Company highly treasures its human resources and provides its employees with competitive remuneration and training programs.

EVENTS AFTER THE REPORTING PERIOD

There were no material events occurred after the Current Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period ended 30 June 2022.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

CORPORATE GOVERNANCE

The Company is committed to maintaining a solid, transparent and sensible framework of corporate governance for the Company and its subsidiaries and will continue to review its effectiveness.

The Company has adopted the Code Provisions (the “**Code Provisions**”) as stated in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as the corporate governance code of the Company. The Board is committed to complying with the Code Provisions as stated in the CG Code to the extent that the directors consider it is applicable and practical to the Company.

During the Current Period, the Company has complied with the Code Provisions in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for securities transactions by the directors of the Company. 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 Current Period.

AUDIT COMMITTEE

The audit committee (“**Audit Committee**”) of the Company comprises four independent non-executive directors and one non-executive director, namely, Mr. Xu Rong, Mr. Wang Guanghua, Mr. Wang Jiheng, Mr. Tan Chong Huat and Mr. Zhang Feihu. An Audit Committee meeting was held on 10 August 2022 to review the unaudited interim financial report for the six months ended 30 June 2022. KPMG, the Group’s external auditor, has carried out a review of the interim financial report for the six months ended 30 June 2022 in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement has been published on the website of The Hong Kong Exchanges and Clearing Limited (the “**HK Exchange**”), www.hkexnews.hk, and the website of the Company, www.irasia.com/listco/hk/lingbao. The 2022 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
Lingbao Gold Group Company Ltd.
Zeng Xiangxin
Chairman

Lingbao City, Henan Province, the PRC
10 August 2022

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Zeng Xiangxin, Mr. Xing Jiangze, Mr. He Chengqun, Mr. Dai Weitao and Mr. Wu Liming; two non-executive directors, namely Mr. Zhang Feihu and Mr. Wang Guanran; and four independent non-executive directors, namely Mr. Wang Guanghua, Mr. Wang Jiheng, Mr. Xu Rong and Mr. Tan Chong Huat.