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**Lingbao Gold Group Company Ltd.**

**靈寶黃金集團股份有限公司**

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

**(Stock Code: 3330)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Directors**”) 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 2023 (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 2023*

*(Expressed in Renminbi Yuan)*

		Six months ended 30 June 2023	Six months ended 30 June 2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	4	<b>5,838,583</b>	3,882,803
Cost of sales		<u>(5,483,207)</u>	<u>(3,471,291)</u>
<b>Gross profit</b>		<b>355,376</b>	411,512
Other revenue		27,793	19,177
Other net gain	5(b)	49,158	37,168
Selling and distribution expenses		(2,609)	(1,954)
Administrative expenses and other operating expenses		<u>(147,074)</u>	<u>(163,387)</u>
<b>Profit from operations</b>		<b>282,644</b>	302,516
Finance costs	5(a)	(86,286)	(58,759)
Share of losses of associates		<u>(1,512)</u>	<u>(642)</u>
<b>Profit before taxation</b>	5	<b>194,846</b>	243,115
Income tax	6	<u>(74,379)</u>	<u>(62,213)</u>
<b>Profit for the period</b>		<u><b>120,467</b></u>	<u>180,902</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		140,352	179,361
Non-controlling interests		<u>(19,885)</u>	<u>1,541</u>
<b>Profit for the period</b>		<u><b>120,467</b></u>	<u>180,902</u>
<b>Basic and diluted earnings per share (RMB cents)</b>	7	<u><b>16.2</b></u>	<u>20.8</u>

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

*For the six months ended 30 June 2023*

*(Expressed in Renminbi Yuan)*

	<b>Six months ended 30 June 2023</b>	Six months ended 30 June 2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Profit for the period</b>	<b>120,467</b>	180,902
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
Item that may be reclassified subsequently to profit or loss: Exchange differences on translation of financial statements of overseas subsidiaries	<u>(31,900)</u>	<u>(45,208)</u>
<b>Total comprehensive income for the period</b>	<b><u>88,567</u></b>	<u>135,694</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>115,525</b>	142,585
Non-controlling interests	<u>(26,958)</u>	<u>(6,891)</u>
<b>Total comprehensive income for the period</b>	<b><u>88,567</u></b>	<u>135,694</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED

At 30 June 2023

(Expressed in Renminbi Yuan)

		At 30 June 2023	At 31 December 2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	9	1,781,503	1,814,683
Construction in progress	9	399,022	304,205
Intangible assets	10	1,067,586	1,028,386
Goodwill		4,717	4,717
Right-of-use assets		129,442	135,777
Interest in associates		24,693	26,206
Other financial assets		4,520	4,520
Non-current prepayments		25,377	25,665
Deferred tax assets		307,781	300,139
		<u>3,744,641</u>	<u>3,644,298</u>
<b>Current assets</b>			
Inventories	11	1,464,755	1,280,758
Trade and other receivables	12	352,953	379,937
Fixed deposits held at banks with maturity over three months		14,452	—
Pledged deposits		1,430,200	1,425,900
Cash and cash equivalents		215,739	173,010
		<u>3,478,099</u>	<u>3,259,605</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED**

**(Continued)**

*At 30 June 2023*

*(Expressed in Renminbi Yuan)*

		At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
	<i>Note</i>		
<b>Current liabilities</b>			
Bank and other borrowings	13	3,606,050	3,571,749
Trade and other payables	14	886,076	838,739
Contract liabilities		2,329	5,439
Lease liabilities		12,671	12,119
Current tax payable		82,017	70,275
		<u>4,589,143</u>	<u>4,498,321</u>
<b>Net current liabilities</b>		<u>(1,111,044)</u>	<u>(1,238,716)</u>
<b>Total assets less current liabilities</b>		<u>2,633,597</u>	<u>2,405,582</u>
<b>Non-current liabilities</b>			
Bank and other borrowings	13	170,000	100,000
Other payables	14	455,161	384,122
Lease liabilities		15,691	17,382
Deferred tax liabilities		5,568	5,496
		<u>646,420</u>	<u>507,000</u>
<b>NET ASSETS</b>		<u>1,987,177</u>	<u>1,898,582</u>
<b>CAPITAL AND RESERVES</b>			
	15		
Share capital		172,850	172,850
Reserves		2,047,096	1,931,543
<b>Total equity attributable to equity shareholders of the Company</b>		<u>2,219,946</u>	<u>2,104,393</u>
<b>Non-controlling interests</b>		<u>(232,769)</u>	<u>(205,811)</u>
<b>TOTAL EQUITY</b>		<u>1,987,177</u>	<u>1,898,582</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

## 1 BASIS OF PREPARATION

This 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 has been reviewed by the audit committee of Lingbao Gold Group Company Ltd. (the “Company”) and was authorised for issue on 31 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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.

The 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 the Company and its subsidiaries (together “the Group”) since the 2022 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”).

### Materiality uncertainty related to going concern

As at 30 June 2023, the Group had net current liabilities of RMB1,111 million and capital commitment of RMB432 million. Included in the current liabilities were bank and other borrowings of RMB3,606 million due within one year. The Group is dependent on the support from its bankers and most of the banking facilities will be subject to renewal within one year. The Group was able to renew or refinance banking facilities upon maturity in the past years. However, in view of the recent environment of tightening market liquidity and economic volatility, it may be more challenging for the Group to refinance bank and other borrowings in the coming years.

For the six-month period ended 30 June 2023, the Group’s net cash generated from operating activities was RMB215 million, and the Group only had cash and cash equivalents, fixed deposits held at banks with maturity over three months and pledged deposits amounting to RMB216 million, RMB14 million and RMB1,430 million, respectively, as at 30 June 2023. The Group will be unable to repay the bank and other borrowings and meet other liquidity requirements in full when they fall due unless the Group is able to draw down unutilised facilities and to renew or refinance the banking facilities upon maturity. These facts and circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

## 1 BASIS OF PREPARATION (Continued)

### Materiality uncertainty related to going concern (Continued)

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. The Directors have reviewed the Group's cash flow projections prepared by management, which covers a period of at least twelve months from 30 June 2023. Certain plans and measures have been taken to mitigate the liquidity pressures and to improve its financial position which include, but not limited to, the following:

- (i) On 18 August 2023, the major shareholder, named D&R Asset Management Group Company Limited (“**D&R Investment**”) has completed its subscription for 319,772,164 H shares as disclosed in note 15. The net proceeds from this allotment were approximately HK\$266 million;
- (ii) D&R Investment has also undertaken to provide financial support to the Company as may be necessary to ensure the Group's continuing operation for at least twelve-month period from 30 June 2023; and
- (iii) As at 30 June 2023, the Group had uncommitted unutilised banking facilities related to unsecured bank borrowings, of RMB273 million. Management is actively negotiating with the banks for draw-down of such unutilised banking facilities, renewal or extension of existing banking facilities to secure financing for the Group.

The plans and measures as described above incorporate assumptions about future events and conditions. If the above plans and measures are successful, the Group will be able to generate sufficient cash inflows to meet its liquidity requirements for at least the next twelve months from the end of the reporting period.

Based on the Directors' intentions and assuming the success of the above plans and measures, the Directors are of the opinion that it is appropriate to prepare the Group's interim financial report for the six months ended 30 June 2023 on a going concern basis. 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 effect of these adjustments has not been reflected in this interim financial report.

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.

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. The Company's annual consolidated financial statements for the year ended 31 December 2022 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 March 2023.

## 2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new and amended HKFRSs and guidance that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

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 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 2023 (2022: four reportable segments). Operating segments with similar nature of the production process, products and services have been aggregated to form the following reportable segments.

Mining — PRC	— Gold mining and mineral ores processing operations in the PRC.
Mining — 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	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	—	—	5,862,920	3,896,097	7,305	4,439	5,870,225	3,903,874
Inter-segment revenue	1,177,770	940,964	99,491	74,740	—	—	—	—	1,277,261	1,015,704
Sales taxes and levies	(158)	(247)	(30,993)	(20,421)	(376)	(346)	(115)	(57)	(31,642)	(21,071)
<b>Reportable segment revenue</b>	<b>1,177,612</b>	<b>944,055</b>	<b>68,498</b>	<b>54,319</b>	<b>5,862,544</b>	<b>3,895,751</b>	<b>7,190</b>	<b>4,382</b>	<b>7,115,844</b>	<b>4,898,507</b>
<b>Reportable segment profit/(loss)</b>	<b>519,190</b>	<b>348,118</b>	<b>(115,034)</b>	<b>3,549</b>	<b>(28,707)</b>	<b>48,162</b>	<b>(466)</b>	<b>(128)</b>	<b>374,983</b>	<b>399,701</b>
Provision of impairment on:										
— trade and other receivables	—	(800)	—	—	—	(6,000)	—	—	—	(6,800)
— purchase deposits	—	—	—	—	—	(5,463)	—	—	—	(5,463)
— right-of-use assets	—	(17,519)	—	—	—	—	—	—	—	(17,519)
As at 30 June/31 December										
<b>Reportable segment assets</b>	<b>2,993,954</b>	<b>3,572,826</b>	<b>551,890</b>	<b>642,876</b>	<b>3,093,973</b>	<b>2,962,169</b>	<b>29,457</b>	<b>32,822</b>	<b>6,669,274</b>	<b>7,210,693</b>
<b>Reportable segment liabilities</b>	<b>925,392</b>	<b>2,065,536</b>	<b>1,673,283</b>	<b>1,576,363</b>	<b>2,591,415</b>	<b>2,169,053</b>	<b>18,652</b>	<b>22,825</b>	<b>5,208,742</b>	<b>5,833,777</b>

### 3 SEGMENT REPORTING (Continued)

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

	Six months ended 30 June 2023 <i>RMB'000</i>	Six months ended 30 June 2022 <i>RMB'000</i>
<b>Revenue</b>		
Reportable segment revenue	7,115,844	4,898,507
Elimination of inter-segment revenue	<u>(1,277,261)</u>	<u>(1,015,704)</u>
Consolidated revenue	<u><b>5,838,583</b></u>	<u><b>3,882,803</b></u>
<b>Profit or loss</b>		
Reportable segment profit	374,983	399,701
Elimination of inter-segment loss	<u>(114,645)</u>	<u>(97,677)</u>
Reportable segment profit derived from the Group's external customers	260,338	302,024
Share of losses of associates	(1,512)	(642)
Other net gain	49,158	37,168
Finance costs	(86,286)	(58,759)
Unallocated head office and corporate expenses	<u>(26,852)</u>	<u>(36,676)</u>
Consolidated profit before taxation	<b>194,846</b>	243,115
Income tax	<u>(74,379)</u>	<u>(62,213)</u>
Profit for the period	<u><b>120,467</b></u>	<u><b>180,902</b></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:

	<b>Six months ended 30 June 2023 RMB'000</b>	Six months ended 30 June 2022 RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products lines		
— Sales of gold	<b>5,639,239</b>	3,782,195
— Sales of other metals	<b>191,375</b>	86,586
— Sales of jewellery	<b>6,777</b>	4,440
— Others	<b>32,834</b>	30,653
Less: Sales taxes and levies	<b>(31,642)</b>	(21,071)
	<b><u>5,838,583</u></b>	<u>3,882,803</u>

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

## 5 PROFIT BEFORE TAXATION

	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
<b>(a) Finance costs:</b>		
Interest expenses on bank loans	66,286	39,616
Interest expenses on lease liabilities	814	747
Other borrowing costs	<u>19,186</u>	<u>18,396</u>
	<u><b>86,286</b></u>	<u><b>58,759</b></u>
<b>(b) Other net gain:</b>		
Net realised and unrealised gain on financial instruments at fair value	(908)	(2,835)
Net foreign exchange gain	(49,793)	(53,089)
Impairment losses of right-of-use assets	—	17,519
Others	<u>1,543</u>	<u>1,237</u>
	<u><b>(49,158)</b></u>	<u><b>(37,168)</b></u>
<b>(c) Other items:</b>		
Profit before taxation is arrived at after charging:		
Depreciation of right-of-use assets	<u>5,823</u>	<u>4,033</u>
Amortisation of intangible assets	<u>29,870</u>	<u>41,087</u>
Depreciation of property, plant and equipment	108,442	100,624
Less: Depreciation capitalised into construction in progress	<u>(478)</u>	<u>(318)</u>
	<u><b>107,964</b></u>	<u><b>100,306</b></u>
Provision of impairment losses on:		
— right-of-use assets	—	17,519
— trade and other receivables	—	6,800
— purchase deposits	—	5,463
Government grants	9,122	3,779
Bank interest income	<b>13,434</b>	11,920

## 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 2023 <i>RMB'000</i>	Six months ended 30 June 2022 <i>RMB'000</i>
<b>Current tax — PRC income tax</b>		
Provision for the period	88,402	81,916
Over-provision in respect of prior years	(6,453)	(4,190)
Deferred taxation	(7,570)	(15,513)
	<u>74,379</u>	<u>62,213</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 2023 is 16.5% (2022: 16.5%). No provision for Hong Kong profits tax is made as the subsidiary located in Hong Kong still has accumulated tax losses.
- (c) Kyrgyzstan corporate income tax rate (“**KR CIT**”) in 2023 is 0% (2022: 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%.

## **7 EARNINGS PER SHARE**

### **(a) Basic earnings per share**

The calculation of basic earnings per share for the six-month period ended 30 June 2023 is based on the earnings attributable to equity shareholders of the Company of RMB140,352,000 (six-month period ended 30 June 2022: RMB179,361,000) and 864,249,091 ordinary shares in issue during the six-month period ended 30 June 2023 (six-month period ended 30 June 2022: 864,249,091 ordinary shares).

### **(b) Diluted earnings per share**

The diluted earnings per share for the six-month period ended 30 June 2023 and 2022 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 2023 (six months ended 30 June 2022: 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 2022: Nil).

## **9 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS**

### **Acquisitions and disposals of owned assets**

During the six months ended 30 June 2023, acquisitions of property, plant and equipment and additions of construction in progress of the Group amounted to RMB35,627,000 and RMB126,080,000, respectively (six months ended 30 June 2022: RMB2,056,000 and RMB91,867,000, respectively). Items of property, plant and equipment with an aggregate net book value of RMB164,000 was disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB2,239,000), resulting in a loss on disposal of RMB3,000 (six months ended 30 June 2022: RMB1,603,000).

## 10 INTANGIBLE ASSETS

### Acquisitions and disposals

During the six months ended 30 June 2023, additions of exploration and evaluation assets and mining rights made by the Group amounted to RMB3,507,000 and RMB61,367,000, respectively (six months ended 30 June 2022: RMB299,000 and Nil, respectively). There is no disposal of intangible assets during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB1,505,000).

## 11 INVENTORIES

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Raw materials	750,897	623,264
Work in progress	178,328	159,774
Finished goods	412,790	397,660
Spare parts and materials	122,740	100,060
	<u>1,464,755</u>	<u>1,280,758</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 2023 <i>RMB'000</i>	Six months ended 30 June 2022 <i>RMB'000</i>
Carrying amount of inventories sold	5,389,049	3,483,563
Write down of inventories	94,158	—
Reversal of write-down of inventories	—	(12,272)
	<u>5,483,207</u>	<u>3,471,291</u>

## 12 TRADE AND OTHER RECEIVABLES

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:

	<i>Note</i>	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Within three months		123,213	172,042
Over three months but within one year		—	300
Trade debtors and bills receivable, net of loss allowance	(a)	123,213	172,342
Other receivables, net of loss allowance		62,131	69,689
Amounts due from related parties		11,601	8,695
		<u>73,732</u>	<u>78,384</u>
Financial assets measured at amortised cost		<u>196,945</u>	250,726
Financial assets at fair value through profit or loss			
— gold related derivatives		<u>3,056</u>	—
Deposits and prepayments		<u>87,512</u>	66,095
Purchase deposits		816,058	813,734
Less: Allowance for non-recoverability		<u>(750,618)</u>	<u>(750,618)</u>
		<u>65,440</u>	<u>63,116</u>
		<u>352,953</u>	<u>379,937</u>

### Transfers of financial assets

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

As at 30 June 2023, the Group endorsed certain bank acceptance bills with a carrying amount of RMB200,000 (31 December 2022: RMB3,953,000) 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 31 December 2022, the Group 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 31 December 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 endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB712,000.

As at 30 June 2023, there is no derecognition of discounted or endorsed bill receivables.

- (a) For sales of gold and jewellery, 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.

### 13 BANK AND OTHER BORROWINGS

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

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Short-term bank and other borrowings:		
— Bank and other borrowings	3,506,050	3,552,248
— Add: Current portion of long-term bank and other borrowings	<u>100,000</u>	<u>19,501</u>
	<u>3,606,050</u>	<u>3,571,749</u>
Long-term bank and other borrowings:		
— Bank and other borrowings	270,000	119,501
— Less: Current portion of long-term bank and other borrowings	<u>(100,000)</u>	<u>(19,501)</u>
	<u>170,000</u>	<u>100,000</u>
	<u>3,776,050</u>	<u>3,671,749</u>

At 30 June 2023, the bank and other borrowings were repayable as follows:

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Within one year or on demand	3,606,050	3,571,749
Over one year but within two years	<u>170,000</u>	<u>100,000</u>
	<u>3,776,050</u>	<u>3,671,749</u>

At 30 June 2023, the bank and other borrowings were secured as follows:

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Bank and other borrowings		
— Secured	1,803,000	1,705,390
— Guaranteed	829,990	826,359
— Unsecured	<u>1,143,060</u>	<u>1,140,000</u>
	<u>3,776,050</u>	<u>3,671,749</u>

### 13 BANK AND OTHER BORROWINGS (Continued)

At 30 June 2023, the bank and other borrowings were pledged and guaranteed as follows:

<b>At 30 June 2023 RMB'000</b>	<b>Pledge deposits RMB'000</b>	<b>Maximum guarantees RMB'000</b>	<b>Guaranteed by</b>
707,000	682,000	—	None
796,000	601,000	995,000	D&R Investment
300,000	100,000	190,000	Tongbai Xingyuan Mining Company Limited (Tongbai Xingyuan)
<u>1,803,000</u>	<u>1,383,000</u>	<u>1,185,000</u>	

At 30 June 2023, the bank and other borrowings were guaranteed as follows:

<b>At 30 June 2023 RMB'000</b>	<b>Maximum guarantees RMB'000</b>	<b>Guaranteed by</b>
689,990	945,000	D&R Investment
90,000	190,000	Huatai and Tongbai Xingyuan
50,000	50,000	Huatai and D&R Investment
<u>829,990</u>	<u>1,185,000</u>	

## 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 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
<b>Current trade and other payables</b>			
Within 3 months		223,784	203,859
Over 3 months but within 6 months		9,782	10,246
Over 6 months but within 1 year		5,585	9,556
Over 1 year but within 2 years		7,969	8,827
Over 2 years		23,557	15,704
		<hr/>	<hr/>
Total trade creditors		270,677	248,192
		<hr/>	<hr/>
Bills payable		—	10,000
Other payables and accruals		434,592	393,248
		<hr/>	<hr/>
Total creditors and bills payable		705,269	651,440
		<hr/>	<hr/>
Interest payables		1,590	1,628
Payable for mining rights		80,747	84,780
Deferred income	(a)	57,243	78,684
Payable to non-controlling interests		52	52
Amount due to related parties		517	4,343
Financial liabilities at fair value through profit or loss			
— gold related derivatives		35,900	13,054
Dividend payable		4,758	4,758
		<hr/>	<hr/>
		886,076	838,739
		<hr/> <hr/>	<hr/> <hr/>
<b>Non-current other payables</b>			
Decommissioning costs	(b)	117,146	111,189
Deferred income	(a)	68,249	55,410
Payable for long-term assets	(c)	269,766	217,523
		<hr/>	<hr/>
		455,161	384,122
		<hr/> <hr/>	<hr/> <hr/>

## 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 RMB117,146,000 (31 December 2022: RMB111,189,000) in total as at 30 June 2023.
- (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 RMB'000
As at 31 December 2022, 1 January 2023 and 30 June 2023		
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”). Before the Subscription, the share capital to be issued represented approximately 37.0% of the issued share capital of the Company as at 30 June 2023. After the Subscription, the newly subscribed shares represented approximately 27.0% of the enlarged share capital of the Company, at a 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 30 June 2023 and 31 December 2022.

The Subscription has been completed on 18 August 2023, the shareholding percentage by D&R Investment has increased to approximately 42.7%. For more details, please refer to the announcement of the Company dated 18 August 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Business and Prospect

In the first half of 2023, the Group produced approximately 13,018 kg (equivalent to approximately 418,555 ounces) of gold bullion, representing an increase of approximately 3,847 kg (equivalent to approximately 123,712 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 period-on-period increase of approximately 3.21% in the overall production volume of the mining segment as a result of the Group's efforts to strengthen the production organisation of mines, leading to further release of the production potential; (ii) an increase in the production volume of gold bullion processed from compound gold purchased externally in the smelting segment. For the six months ended 30 June 2023 (the “**Current Period**”), the Group's revenue increased by approximately 50.37% to approximately RMB5,838,583,000 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 higher production volume during the Current Period than that in the corresponding period of the previous year 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 RMB120,467,000 (six months ended 30 June 2022: net profit of RMB180,902,000). The basic earnings per share of the Company for the Current Period was RMB0.16 (six months ended 30 June 2022: RMB0.21).

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 35 mining and exploration rights as at 30 June 2023, covering 240.75 square kilometres. The total gold reserves and resources as at 30 June 2023 were approximately 138.47 tonnes (4,451,811 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:

	Unit	For the six months ended 30 June			
		2023		2022	
		<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	<b>2,556</b>	<b>2,642</b>	2,457	2,399
Compound gold	kg	<b>368</b>	<b>350</b>	376	374
Total	kg	<b>2,924</b>	<b>2,992</b>	2,833	2,773
Total	Ounce	<b>94,007</b>	<b>96,193</b>	91,081	89,152

The Group's total revenue from the mining segment for the Current Period was approximately RMB1,246,110,000, representing an increase of approximately 24.81% from approximately RMB998,374,000 for the corresponding period in 2022. Such increase was attributable to an overall increase in the production and sales volume of the mining segment compared to the corresponding period of previous year due to the Group's efforts to strengthen internal control management. Among them, revenue from Mining — PRC was approximately RMB1,177,612,000 (six months ended 30 June 2022: RMB944,055,000), and revenue from Mining — KR was approximately RMB68,498,000 (six months ended 30 June 2022: RMB54,319,000). During the Current Period, the turnover in Henan, Xinjiang, KR and Inner Mongolia accounted for approximately 82.43%, 11.91%, 0.16% and 5.50% of the total turnover from the mining segment, respectively. Compared to the corresponding period of the previous year, the production of compound gold in mining segment decreased by approximately 8 kg to approximately 368 kg, while the production of gold concentrates increased by approximately 99 kg to approximately 2,556 kg during the Current Period.

### *Segment results*

The Group's total profit of the mining segment for the Current Period was approximately RMB404,156,000, representing an increase of approximately 14.93% as compared with the total profit of approximately RMB351,667,000 for the corresponding period in 2022, among which, the profit from Mining — PRC was approximately RMB519,190,000 (six months ended 30 June 2022: RMB348,118,000), and the loss from Mining — KR was approximately RMB115,034,000 (six months ended 30 June 2022: profit of approximately RMB3,549,000). The segment result to segment revenue ratio of the Group's mining segment for the Current Period was approximately 32.43%, compared with approximately 35.22% in the corresponding period in 2022.

During the Current Period, the profit of the Mining — PRC segment significantly increased by approximately 49.14% as compared with that in the corresponding period in 2022, mainly attributable to a significant increase in production volume as compared to the corresponding period in 2022 thanks to the Group's efforts to deepen the reform of management mechanism, as well as the outstanding production quality and production efficiency control, promotion of exploration and mining technology, improvement of hoisting capability, and processing plant expansion project of Tongbai Xingyuan Mining Company Limited (“**Xingyuan**”). The Group completed the production of 2,682 kg of gold concentrates (contained gold) and compound gold in the first half of 2023, representing an increase of 169 kg and a period-on-period increase of 6.73%.

During the Current Period, thanks to the steady optimisation of mineral separation indicators through the research and development of the mineral separation process and technical breakthroughs, the Mining — KR segment, being Full Gold Mining Limited Liability Company (“**Full Gold**”), recorded a stable increase in its revenue. However, due to the write-down of inventories in relation to certain ore amounting to RMB99,721,000, this segment recorded a loss of RMB115,034,000 (30 June 2022: segment profit of approximately RMB3,549,000).

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 2022, and the overall profit of the mining segment increased by approximately 14.93% as compared with that of the corresponding period in 2022.

## 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:

		For the six months ended 30 June			
		2023		2022	
	Unit	<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	<b>5,278</b>	<b>5,000</b>	5,550	6,052
	ounce	<b>169,689</b>	<b>160,750</b>	178,433	194,572
Gold bullion (processed from compound gold purchased externally)	kg	<b>7,740</b>	<b>8,009</b>	3,622	3,622
	ounce	<b>248,843</b>	<b>257,489</b>	116,447	116,447
Silver	kg	<b>11,556</b>	<b>10,168</b>	6,997	4,056
	ounce	<b>371,525</b>	<b>326,901</b>	224,954	130,400
Copper products	tonne	<b>2,259</b>	<b>2,404</b>	1,609	1,092
Sulphuric acid	tonne	<b>52,322</b>	<b>55,769</b>	53,975	59,060

### **Sales and production**

The Group's total revenue from the smelting segment for the Current Period was approximately RMB5,862,544,000, representing an increase of approximately 50.49% from approximately RMB3,895,751,000 for the corresponding period in 2022.

The increase in the total revenue of the smelting segment for the Current Period was mainly due to an increase in the production and sales volume of gold bullion as a result of the increasing procurement of compound gold for processing.

During the Current Period, the gross profit margin of gold bullion processed from gold concentrates was 24.1% as compared to 14.34% for the corresponding period in 2022, while the gross profit margin of gold bullion processed from compound gold purchased externally was -0.84% as compared to 0.19% for the corresponding period in 2022.

## Segment results

The Group's smelting segment recorded a loss of RMB28,707,000 for the Current Period, compared to a profit of approximately RMB48,162,000 for the same period in 2022. The Group has made efforts in optimising production processes, staggering the use of electricity, making minor changes and reforms, strictly implementing the cost reduction and efficiency enhancement system, tightening control over internal procurement, and improving the recovery rate with additional tailings disposal facilities. However, the smelting segment recorded a loss for the Current Period as the purchased compound gold processing business incurred a loss during the Current Period due to the fluctuation of gold prices.

## 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				
		2023		2022		
		Sales volume	Average unit price (RMB per kg/tonne)	Amount (RMB'000)	Sales volume	Average unit price (RMB per kg/tonne)
Gold bullion	5,546,828	13,018kg	426,089	3,771,773	9,678kg	389,726
Silver	48,324	10,168kg	4,753	17,472	3,994kg	4,374
		2,404			1,092	
Copper products	143,051	tonnes	59,507	69,114	tonnes	63,291
		55,769			59,060	
Sulphuric acid	1,787	tonnes	32	30,328	tonnes	514
Gold concentrates	91,883	253kg	363,174	10,421	29kg	359,345
Others	38,352			4,766		
Revenue before tax	5,870,225			3,903,874		
Less: Sales taxes and levies	(31,642)			(21,071)		
	<u>5,838,583</u>			<u>3,882,803</u>		

The Group's revenue for the Current Period was approximately RMB5,838,583,000, representing an increase of 50.37% as compared with the corresponding period in 2022. The overall increase in the revenue was primarily attributable to an increase in the production volume of the gold bullion processed from compound gold purchased externally.

### **Gross profit and gross profit margin**

The Group's gross profit and gross profit margin for the Current Period were RMB355,376,000 and 6.09%, respectively, and the gross profit and gross profit margin for the corresponding period of the previous year were RMB411,512,000 and 10.6%, respectively. The decrease of gross profit margin is due to the write-down of inventories in mining-KR segment and net loss recorded in smelting segment.

### **OUTLOOK AND PLANNING FOR THE SECOND HALF OF 2023**

In the second half of 2023, the Company will, on the basis of the completion of tasks in the first half of the year, identify weakness and take corresponding measures to further strengthen basic management, and promote the continuous and steady improvement of production and operation by facilitating technological innovation and unleashing the momentum from reforms.

#### **(I) To enhance control standards**

We will further improve our management systems and workflows, while intensifying supervision and assessment of work execution. Major matters will be carried out in accordance with relevant procedures and processes on the basis of compliance with laws and regulations, thereby elevating the overall control standards of the Company. The business departments will establish cost control task forces to conduct in-depth investigation, guidance and assessment of cost management work, with a focus on addressing the issue of high costs and improving operational performance.

#### **(II) To intensifying mineral prospecting efforts**

We will strengthen quality control in mineral prospecting projects to enhance the effectiveness of mineral prospecting and reserve expansion. Properly managing the relationship between mining and mineral prospecting, we will reinforce performance evaluations and incentives, with an emphasis on resolving the imbalance between mineral prospecting and mining.

### **(III) To strengthen production organisation**

With a central focus on improving the quality and efficiency of economic development, we will enhance the scheduling and management of production organisation to improve management efficiency. Our aim is to ensure the successful realisation of production objectives.

### **(IV) To conduct inspection work**

We will conduct thorough inspections within the Company to supervise and ensure compliance with laws and regulations, systems and procedures, and the proper execution and implementation of major matters. We will audit operational outcomes, and propose corrective measures for identified issues, so as to give full play to the preventive role of compliance, disciplinary, and auditing functions to promote compliant operations.

### **(V) To prioritise safety and environmental protection**

We will persistently strengthen the identification and rectification of safety and environmental risks and hazards. Efforts will be made to enhance the governance capabilities of safety and environmental protection, and firmly prevent and control the occurrence of major accidents, so as to provide guarantees for the fulfillment of annual objectives and long-term development goals.

## **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 2023 amounted to RMB215,739,000 (31 December 2022: RMB173,010,000).

The total equity attributable to the equity shareholders of the Company as at 30 June 2023 amounted to RMB2,219,946,000 (31 December 2022: RMB2,104,393,000). As at 30 June 2023, the Group had current assets of RMB3,478,099,000 (31 December 2022: RMB3,259,605,000) and current liabilities of RMB4,589,143,000 (31 December 2022: RMB4,498,321,000). The current ratio was 75.79% (31 December 2022: 72.5%).

As at 30 June 2023, the Group had total outstanding bank and other borrowings of approximately RMB3,776,050,000 (with interest rates ranging from 2.0% to 6.3% per annum). Approximately RMB3,606,050,000 should be repayable within one year and approximately RMB170,000,000 should be repayable over one year but within two years. The gearing ratio as at 30 June 2023 was 52.28% (31 December 2022: 53.2%), which was calculated by total borrowings divided by total assets.

As at 30 June 2023, the Group had unutilised banking facilities related to unsecured bank borrowings of approximately RMB273 million, which could be drawn down by the Group to finance its operation. Based on the past experience and the communication with banks, the Directors believes that the Company has the ability to renew or secure banking facilities upon maturity. The shareholder, named D&R Asset Management Group Company Limited (“**D&R Investment**”), of the Company has also undertaken to provide financial support to the Company as may be necessary to ensure its continuing operation for the 12-month period from 1 July 2023 to 30 June 2024, in addition to the Group’s future proceeds from allotment as disclosed in note 15.

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

- 1) to secure certain funding by enhancing the communication and promoting mutual trust between the Group and banks and other financial institutions;
- 2) to increase supply chain financing by taking full advantage of the attribute of high liquidity of inventories in the gold mining industry; and
- 3) to obtain more secured long-term loan facilities at lower interest rates by pledging property, plant and equipment of the Group, in order to increase liquidity and reduce short-term borrowings.

### **Security and Guarantee**

For details of securities and guarantees of the Group as at 30 June 2023, please refer to Note 13 “Bank and Other Borrowings” to these financial statements in this announcement.

### **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 2023, 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 RMB97,925,000 (31 December 2022: RMB37,065,000) and RMB333,876,000 (31 December 2022: RMB302,338,000), respectively, representing an increase of approximately RMB60,860,000 and approximately RMB31,538,000, respectively.

## **Capital Expenditure**

For the Current Period, the Group's capital expenditure was approximately RMB201,619,000, representing an increase of approximately 113.98% from approximately RMB94,222,000 for the corresponding period in 2022.

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

### **Contingent Liabilities**

As at 30 June 2023, the Group had no material contingent liabilities.

### **Human Resources**

For the six months ended 30 June 2023, the average number of employees of the Group was 4,117. The Company highly treasures its human resources and provides its employees with competitive remuneration and training programmes.

### **EVENTS AFTER THE REPORTING PERIOD**

#### **(i) Completion of the Proposed Subscription and Issuance of H Shares (“Completion of Allotment of H Shares”)**

Due to the fulfillment of all conditions under the Subscription Agreement, 319,772,164 H Shares were issued by the Company to D&R Industrial Development (Hong Kong) Limited on Friday, 18 August 2023. Accordingly, immediately after the completion of the Subscription, the registered share capital of the Company has been increased to 1,184,021,255 Shares, comprising 566,975,091 Domestic Shares and 617,046,164 H Shares. For details, please refer to the Company's (i) announcement dated 11 November 2021; (ii) circular dated 31 December 2021; (iii) announcement dated 17 January 2022; (iv) announcement dated 8 December 2022; (v) circular dated 4 January 2023; (vi) announcement dated 20 January 2023; and (vii) announcement dated 18 August 2023.

#### **(ii) Change in Constitutional Documents**

Upon Completion of the Allotment of the H Shares, in order to further update the exact share capital and shareholdings of the Company, the Company made appropriate amendments to the relevant share capital and shareholdings, with the new Articles of Association being uploaded onto the websites of the Stock Exchange and the Company on the same day.

Save as disclosed above, there was no change in the Articles of Association during the six-month period ended 30 June 2023.

## **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 2023.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: 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.

## **EXTRACT OF REPORT ON REVIEW OF INTERIM FINANCIAL REPORT**

The following is the extract of the Report on Review of Interim Financial Report of the Group for the six months ended 30 June 2023 from the auditor of the Group, KPMG:

### **“Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

## **Material uncertainty related to going concern**

We draw attention to note 1 to the interim financial report which describes that the Company and its subsidiaries (together “**the Group**”) had net current liabilities of RMB1,111 million and capital commitment of RMB432 million as at 30 June 2023. The Group had current bank and other borrowings of RMB3,606 million and most of the banking facilities will be subject to renewal within one year. The Group’s ability to meet these liquidity requirements depends on its ability to draw down uncommitted unutilised facilities and renew or refinance the banking facilities upon maturity. These facts and circumstances, along with other matters as set forth in note 1, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.”

For details of the above-mentioned note 1 to the interim financial report, please refer to note 1 of the notes to the unaudited interim financial report of this announcement.

## **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 31 August 2023 to review the unaudited interim financial report for the six months ended 30 June 2023. KPMG, the Group’s external auditor, has carried out a review of the interim financial report for the six months ended 30 June 2023 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](http://www.hkexnews.hk), and the website of the Company, [www.irasia.com/listco/hk/lingbao](http://www.irasia.com/listco/hk/lingbao). The 2023 Interim Report will be despatched to shareholders in due course and published on the websites of the HK Exchange and the Company.

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

Lingbao City, Henan Province, the PRC  
31 August 2023

*As at the date of this announcement, the Board comprises five executive directors, namely Mr. Chen Jianzheng, 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.*