LINGJIN
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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)

2023 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Chen Jianzheng *(Chairman)*
Mr. Xing Jiangze *(Vice-Chairman)*
Mr. He Chengqun *(President)*
Mr. Dai Weitao
Mr. Wu Liming

Non-executive Directors

Mr. Zhang Feihu
Mr. Wang Guanran

Independent Non-executive Directors

Mr. Wang Jiheng
Mr. Wang Guanghua
Mr. Xu Rong
Mr. Tan Chong Huat

SUPERVISORS

Mr. Yang Shilei
Mr. Guo Xurang
Mr. Zhao Bingbing
Mr. Liu Haotian

STRATEGY COMMITTEE

Mr. Chen Jianzheng *(Chairman)*
Mr. Xing Jiangze
Mr. He Chengqun
Mr. Dai Weitao
Mr. Wu Liming
Mr. Wang Guanghua

AUDIT COMMITTEE

Mr. Xu Rong *(Chairman)*
Mr. Wang Jiheng
Mr. Wang Guanghua
Mr. Tan Chong Huat
Mr. Zhang Feihu

NOMINATION COMMITTEE

Mr. Wang Guanghua *(Chairman)*
Mr. Chen Jianzheng
Mr. Wang Jiheng
Mr. Xu Rong
Mr. Wang Guanran

REMUNERATION AND REVIEW COMMITTEE

Mr. Wang Jiheng *(Chairman)*
Mr. Chen Jianzheng
Mr. He Chengqun
Mr. Wang Guanghua
Mr. Xu Rong

COMPANY SECRETARY

Mr. Chui Man Lung Everett

AUTHORISED REPRESENTATIVES

Mr. Chen Jianzheng
Mr. Chui Man Lung Everett

INTERNATIONAL AUDITOR

BDO Limited *(appointed on 20 December 2023)*
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
KPMG *(resigned on 19 December 2023)*
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

PRC AUDITOR

BDO China Shu Lun Pan Certified Public Accountants *(appointed on 20 December 2023)*
Public Interest Entity Auditor recognised in accordance with the Accounting and Financial Reporting Council Ordinance
KPMG Huazhen LLP
(resigned on 19 December 2023)
Public Interest Entity Auditor recognised in accordance with the Accounting and Financial Reporting Council Ordinance

LEGAL ADVISER

Hong Kong law
Eric Chow & Co. in Association with Commerce & Finance Law Offices

PRC Law
Beijing DeHeng Law Offices
Henan Xiaohan Law Firm

PRINCIPAL BANKERS

Bank of China, Lingbao City Branch
China Construction Bank, Lingbao City Branch
Industrial and Commercial Bank of China, Lingbao City Branch
Zhongyuan Bank, Sanmenxia Branch
China Everbright Bank, Zhengzhou Branch
China Guangfa Bank, Sanmenxia Branch
Industrial Bank of China, Zhengzhou Branch
Shanghai Pudong Development Bank, Zhengzhou Branch
China CITIC Bank, Zhengzhou Branch

SHARE REGISTRAR AND TRANSFER OFFICE FOR H SHARES

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East Wanchai
Hong Kong

REGISTERED OFFICE OF THE COMPANY

Hangu Road and Jingshan Road Intersection
Lingbao City
Henan Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1104,11/F
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INVESTOR RELATIONS CONTACT

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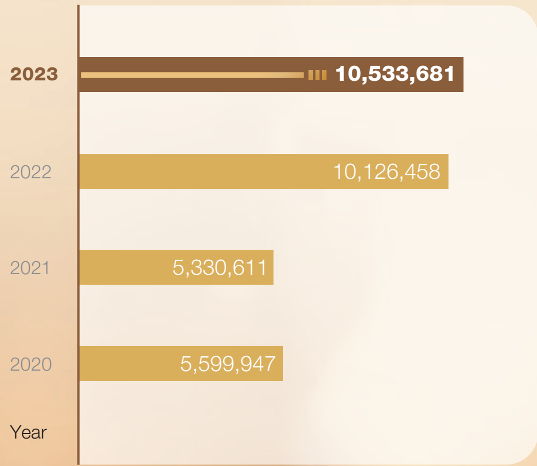
STOCK INFORMATION

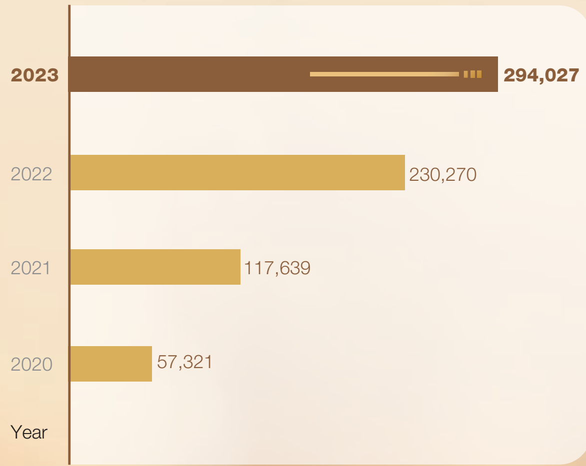
Stock Code	:	3330
Listing Date	:	12 January 2006
Issued Shares	:	649,584,164 shares (H Shares) 566,975,091 shares (Domestic Shares)
Nominal Value	:	RMB0.20 per share
Stock Name	:	Lingbao Gold
Website of the Company	:	www.lbgold.com
Investors' website	:	www.irasia.com/listco/hk/lingbao

FINANCIAL HIGHLIGHTS

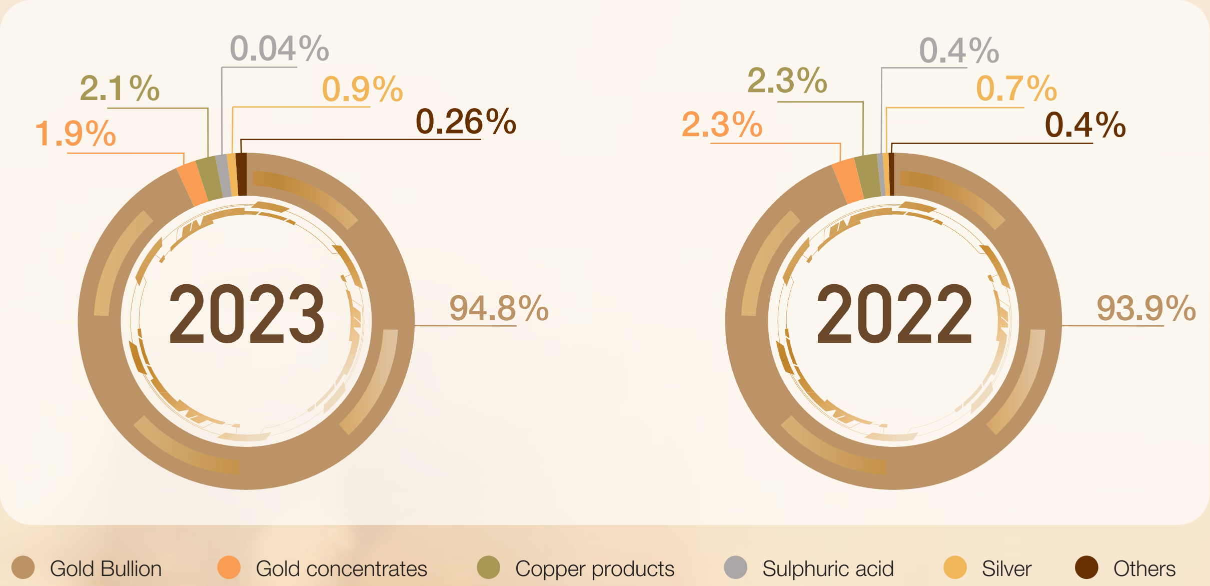
REVENUE
RMB'000



PROFIT FOR THE YEAR
RMB'000



SALES ANALYSIS BY PRODUCTS



CAPITAL RESOURCES

	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	**6,836,150**	6,903,903	7,003,901	6,704,690
Cash and cash equivalent	**256,724**	173,010	160,145	132,709
Bank and other borrowings	**2,853,108**	3,671,749	3,542,876	3,760,615
Total equity attributable to equity shareholders of the Company	**2,662,151**	2,104,393	1,929,031	1,783,148

CORPORATE PROFILE

Lingbao Gold Group Company Ltd. ("Lingbao Gold" or the "Company" and together with its subsidiaries, the "Group") is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 12 January 2006.

The Group is an integrated gold mining enterprise in the People's Republic of China ("PRC"), and is mainly engaged in gold mining, smelting and refining. The products of the Group are gold, silver, copper products and sulphuric acid. The Shanghai Gold Exchange certified the Group as a standard gold bullion production enterprise. The Group's mineral resources are scattered in the PRC regions of Henan, Xinjiang, Jiangxi, Inner Mongolia and Gansu, and Kyrgyz Republic ("KR") with 35 mining and exploration rights with a total area of 216.51 sq. km. The total gold reserve resources as at 31 December 2023 were approximately 137.40 tonnes (approximately 4,417,346 ounces) respectively. The gold reserve and resources report is prepared in accordance with PRC GB/T17766–2020, "Solid Mineral Resources/Reserves Classification", GB/T13908–2020 "General Requirements for Solid Mineral Geological Exploration" and DZ/T0205–2020 "Specifications for Hard-Rock Gold Exploration". In 2023, approximately 22,565 kg (approximately 725,476 ounces) of gold bullion was produced by the Group, and the basic and diluted earnings per share for the year ended 31 December 2023 was RMB32.35 cents.

The objective of the Group's strategy in the future is continuous expansion, to become the leading integrated gold mining enterprise in the PRC and gradually promote our brand in the international market. The Group will focus on the exploration and expansion of production scale and continue to acquire gold resources with potential.

The following is a table of gold resources of the Group as at 31 December 2023:

No.	Mine (Project) Name	Minerals	Unit	Proven	Indicated	Inferred
1	Henan Lingjin No. 1 Mine	Gold	Ore (t)	133,023	2,287,516	3,363,549
			Grade (g/t)	13.88	5.76	5.41
			Gold Contained (kg)	1,846	13,177	18,184
2	Henan Hongtuling Gold Mine	Gold	Ore (t)		116,856	113,120
			Grade (g/t)		4.79	4.75
			Gold Contained (kg)		560	537
3	Henan Hongxin No. 1 Mine	Gold	Ore (t)		113,027	36,065
			Grade (g/t)		4.41	3.88
			Gold Contained (kg)		499	140
4	Henan Lingjin No. 2 Mine	Gold	Ore (t)		691,058	364,941
			Grade (g/t)		7.44	7.42
			Gold Contained (kg)		5,144	2,707
5	Henan Lingjin No. 3 Mine	Gold	Ore (t)		126,395	131,354
			Grade (g/t)		5.60	4.62
			Gold Contained (kg)		708	607
6	Henan Tongbailaowan Goldfield (Pengjialaozhuang Section)	Gold	Ore (t)		102,752	532,739
			Grade (g/t)		4.50	4.69
			Gold Contained (kg)		462	2,497
7	Henan Tongbailaowan Goldfield (Shangshanghe Section)	Gold	Ore (t)		336,864	306,701
			Grade (g/t)		4.65	4.88
			Gold Contained (kg)		1,565	1,496

No.	Mine (Project) Name	Minerals	Unit	Proven	Indicated	Inferred
8	Henan Tongbailaowan Goldfield (Periphery of Shangshanghe Section)	Gold	Ore (t)		866,036	2,837,807
			Grade (g/t)		5.91	4.89
			Gold Contained (kg)		5,118	13,883
9	Henan Tongbailaowan Goldfield (Laowan Section)	Gold	Ore (t)		138,124	116,534
			Grade (g/t)		4.32	3.42
			Gold Contained (kg)		597	399
10	Henan Tongbailaowan Goldfield (Eastern Laowan Section)	Gold	Ore (t)		769,558	183,762
			Grade (g/t)		6.98	7.69
			Gold Contained (kg)		5,370	1,414
11	Xinjiang Duolanasayi Gold Mine	Gold	Ore (t)		3,190,369	1,627,728
			Grade (g/t)		2.17	2.27
			Gold Contained (kg)		6,927	3,696
12	Deep part of Xinjiang Duolanasayi Gold Mine	Gold	Ore (t) Grade (g/t) Gold Contained (kg)	(Due to the deep inferred resource quantity of Duolanasayi Gold Mine extending downwards in elevation, the inferred resource quantity was merged into the mining rights of the Duolanasayi Gold Mine, and the resource quantity at the end of the previous year was adjusted accordingly)		
13	Periphery of Xinjiang Duolanasayi Gold Mine	Gold	Ore (t)			129,803
			Grade (g/t)			5.18
			Gold Contained (kg)			672
14	Xinjiang Tuokuzibayi Gold Mine	Gold	Ore (t)		129,403	116,343
			Grade (g/t)		4.70	7.74
			Gold Contained (kg)		608	900
15	Deep part of Xinjiang Tuokuzibayi Gold Mine	Gold	Ore (t)		21,828	318,909
			Grade (g/t)		4.76	4.90
			Gold Contained (kg)		104	1,563
16	Jinchanshan Gold Mine of Inner Mongolia	Gold	Ore (t)		575,929	299,940
			Grade (g/t)		5.20	5.03
			Gold Contained (kg)		2,995	1,510
17	Shuiquan Gou Gold Mine of Inner Mongolia	Gold	Ore (t)			746,112
			Grade (g/t)			10.13
			Gold Contained (kg)			7,560
	Total of gold contained — Domestic		Gold Contained (kg)	1,846	43,834	57,765

No.	Mine (Project) Name	Minerals	Unit	Proven	Indicated	Inferred
18	Upper part of Istanbul Gold Mine of Kyrgyzstan	Gold	Ore (t)		576,145	1,538,692
			Grade (g/t)		9.14	6.63
			Gold Contained (kg)		5,264	10,207
19	Eastern Istanbul Gold Mine of Kyrgyzstan	Gold	Ore (t)		101,075	1,560,364
			Grade (g/t)		7.96	6.64
			Gold Contained (kg)		805	10,359
20	Istanbul Gold Mine of Kyrgyzstan	Gold	Ore (t)		6,228	630,789
			Grade (g/t)		10.92	11.49
			Gold Contained (kg)		68	7,250
	Total of gold contained — Oversea		Gold Contained (kg)		6,137	27,816
	Total of gold contained		Gold Contained (kg)	1,846	49,971	85,581

The total gold resources and reserves of the Group were made according to the Specifications for Hard-Rock Gold Exploration (DZ/T0205–2020) issued by the Ministry of Land and Resources of the PRC by adopting the following assumptions:

Henan Lingjin no. 1 Mine

1. Gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves depletion for Henan Lingjin No. 1 Mine was approximately 2,923kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 1.0m
   Pillar between blocks: 5m
   Crown pillar: 5m
   Distance between levels: 50m

Henan Hongtuling Gold Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The ore resources and reserves depletion for Henan Hongtuling Gold Mine was approximately 0kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 1.0m
   Pillar between blocks: 5m
   Crown pillar: 5m
   Distance between levels: 50m

Henan Hongxin no. 1 Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The ore resources and reserves depletion for Henan Hongxin No. 1 Mine was 0kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 0.8m
   Pillar between blocks: 5m
   Crown pillar: 5m
   Distance between levels: 50m

Henan Lingjin no. 2 Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The ore resources and reserves depletion for Henan Lingjin No. 2 Mine was 0kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 1.2m
   Pillar between blocks: 6m
   Crown pillar: 5m
   Distance between levels: 50m

Henan Tongbailaowan Goldfield (Pengjialaozhuang Section)

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The ore resources and reserves depletion for Henan Pengjialaozhuang Gold Mine was 0kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.

Henan Tongbailaowan Goldfield (Shangshanghe Section)

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The ore resources and reserves depletion for Henan Shangshanghe Gold Mine was 472kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 0.8m
   Pillar between blocks: 5m
   Crown pillar: 5m
   Distance between levels: 50m

Henan Tongbailaowan Goldfield (Periphery of Shangshanghe Section)

No geological exploration and mining activities have been conducted since the record in the Ministry of Land and Resources of the PRC in 2011. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.

Henan Tongbailaowan Goldfield (Laowan Section)

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The ore resources and reserves depletion for Henan Laowan Gold Mine was 0kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 0.8m
   Pillar between blocks: 5m
   Crown pillar: 5m
   Distance between levels: 50m

Henan Tongbailaowan Goldfield (Eastern Laowan Section)

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 2.5g/t.
2. The ore resources and reserves increment for Henan Eastern Laowan Gold Mine was 756kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
   Length of block: 50m
   Minimum width of block: 0.8m
   Pillar between blocks: 5m
   Crown pillar: 5m
   Distance between levels: 50m

Xinjiang Duolanasayi Gold Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves depletion for Xinjiang Duolanasayi Gold Mine was 761kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for flat base short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 0.8m
   Pillar between blocks: 5m
   Crown pillar: 8m
   Distance between levels: 50m

Deep Part of Xinjiang Duolanasayi Gold Mine

The mine is conducting geological exploration activities. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.

Periphery of Xinjiang Duolanasayi Gold Mine

The mine is conducting geological exploration activities. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.

Xinjiang Tuokuzibayi Gold Mine

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves depletion for Xinjiang Tuokuzibayi Gold Mine was 130kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for flat base short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 0.8m
   Pillar between blocks: 5m
   Crown pillar: 6m
   Distance between levels: 50m

Deep Part of Xinjiang Tuokuzibayi Gold Mine

The mine is conducting geological exploration activities, and no mining activities has been conducted. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.

Jinchanshan Gold Mine of Inner Mongolia

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves depletion for Jinchanshan Gold Mine was 111kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for short hole shrinkage mining method:
   Length of block: 50m
   Minimum width of block: 0.8m
   Pillar between blocks: 5m
   Crown pillar: 6m
   Distance between levels: 40m

Shuiquan Gou Gold Mine of Inner Mongolia

The mine is in the stage of applying mining permit procedure and no exploration and exploitation activities are carried out. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.

Upper Part of Istanbul Gold Mine of Kyrgyzstan

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The ore resources and reserves depletion for Upper Part of Istanbul Gold Mine was 596kg.
3. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
4. Parameters for sublevel caving mining method:
   Length of block: 50m
   Minimum width of block: 0.8m
   Pillar between blocks: 5m
   Crown pillar: 6m
   Distance between levels: 40m

Eastern Istanbul Gold Mine of Kyrgyzstan

1. The gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.
2. The resources and reserves included diluting materials with an assuming dilution grade of 0g/t.
3. Parameters for sublevel caving mining method:
   Length of block: 50m
   Minimum width of block: 0.8m
   Pillar between blocks: 5m
   Crown pillar: 6m
   Distance between levels: 40m

Istanbul Gold Mine of Kyrgyzstan

The mine is conducting geological exploration activities. The former gold resources and reserves reporting cutoff grade was 1g/t, and the minimum industrial grade was 3g/t.

The gold resources and reserves estimates were based on the estimates of resources and reserves as approved for record by the Department of Land and Resources of the PRC in 2011. The changes in gold resources and reserves during the period were due to mining consumption and exploration and was confirmed by qualified mineral resources evaluator.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

We express our appreciation for the trust and support you have in Lingbao Gold Group Company Ltd. I am pleased to present the operating results of the Group for the year ended 31 December 2023:

In 2023, the Company focused on enhancing management techniques and adopted a problem-solving approach through checklist implementation, with the aim of improving operational efficiency, while concurrently overseeing production organization management and key project development to ensure a steady and healthy growth trajectory. For the year under review, our overall business operation is summarized into five aspects as follows:

(I) Solid progress in problem-solving through checklist implementation

By adhering to a problem-oriented approach and identifying the root causes of issues, we categorized various tasks closely related to the operational development of the Group. We developed a comprehensive problem checklist, assigned responsibilities, established clear timelines and deadlines, and systematically implemented each item to transform the "problem checklist" into an "achievement checklist".

(II) Continuous enhancement of top-level design

The Group has strengthened the role of its strategic objectives in guiding its operations, undertaking high-level planning for innovative industry layouts and establishing a smart mining framework to facilitate industry transformation and upgrading. Focusing on the strategy of "becoming a large gold production powerhouse", the Group initiated activities such as preparing exploration design and development plans, as well as formulating comprehensive technical plans for mining and processing systems. These initiatives provide robust support in achieving the Company's strategic objectives.

(III) Outstanding efficiency in production management and basic management

The Group strengthened daily production monitoring by inviting internal and external expert teams to convene specialized meetings multiple times, effectively addressing significant issues that constrained production and operational management. The Group further streamlined and improved regulations and systems related to bidding, procurement and other processes, promoting greater standardization and efficiency in various operations. Collaborating with management consulting firms and universities, the Group made dedicated efforts to construct a more tailored and efficient production and operational information management system, facilitating internal information sharing and cooperative collaboration within the Group. This has enhanced our internal lean management practices. The Group implemented standardized geological work daily management, resolving historical issues such as delayed, asymmetric and insecure updating of geological information.

(IV) Remarkable achievements in talent development

The Group intensified its efforts in talent recruitment, attracting high-caliber individuals to enrich the management and technical capabilities of the Company. The Group increased its focus on talent development by entering into cooperative agreements with universities, facilitating effective alignment between professional expertise and job positions. The Group expedited the establishment of a professional talent pipeline and organized the Company's technical education and training center, comprehensively enhancing the overall competencies of its employees and grassroots management cadres.

(V) Stable workplace safety and environmental protection

In strict compliance with national laws, regulations and higher-level policies related to safety production and environmental protection, the Group effectively coordinated the implementation of licensing procedures and specialized actions for workplace safety and environmental protection and addressed prominent issues that constrain the development of workplace safety and environmental initiatives, thus maintaining a stable and controllable workplace safety and environmental protection situation within the Company.

Outlook for 2024

Looking into 2024, the Company will accelerate internal reforms and strive for remarkable progress with unwavering determination. According to our overall work principle for 2024, the Company will align with industry development trends and continue to focus on the strategy of "becoming a large gold production powerhouse". We will benchmark against top-tier domestic enterprises and rely on innovation and talent to actively and prudently advance mineral exploration and reserves enhancement efforts. Additionally, we will expedite the integration of next-generation information technology and mining, while continuously cultivating our core competitiveness and enhancing our technical capabilities and overall economic benefits.

(I) To persistently adhere to the resource strategy and foster the sustainable development capabilities

We will make efforts to strengthen exploration work on existing mining rights, providing resource assurance for its long-term planning. We will enhance collaboration with geological research institutions to improve ore exploration effectiveness. To firmly implement the "going global" strategy, we will strive to meticulously identify two to three investment projects that align with the Group's strategic objectives, so as to increase the reserves of strategic resources.

(II) To strengthen corporate governance and establish an efficient and pragmatic operational management system

We will persist in optimizing the governance and control system, while establishing a bi-weekly reporting mechanism, a problem-solving mechanism, an information collection and feedback mechanism, a work supervision mechanism, and a mechanism for headquarters departments to serve frontline operations.

(III) To accelerate the "digitalization" transformation strategy and achieve management upgrading

We will deepen the applications of smart mines and smart processing plants, promote the upgrading of intelligentized management, and utilize technological innovations to drive improvements in production and operational quality, as well as continuing to resolve production challenges and reduce operating costs with our innovative achievements. Furthermore, we will focus on improving efficiency to strengthen production and operational effectiveness and accelerate production and operation activities.

(IV) To implement the strategy of developing a robust company through talents and enhance the construction of cadres and talent reserves

We will further expand talent recruitment channels, while aggressively attracting high-end technical and managerial talents, so that our mid-level workforce will be enhanced. In addition, we will expedite the development of reserve cadres with a focus on younger leadership.

(V) To uphold the bottom line of safety and environmental protection and build new safeguards for corporate development

In committing to operation compliance as our business policy, we will actively promote the implementation of safety and environmental protection policies, and strive for the safe and green development of all business units across the Group. When strengthening the safety concept that prioritizes life above all else, we will eradicate major accident risks, and vigorously phase out obsolete equipment. Under our strategy where "technology ensures and empowers safety", we will vigorously and persistently promote the construction of green mines, green factories, and garden-like plants.

(VI) To adhere to a culture of common development and build a new model of green and sustainable development

We will strengthen the construction of our corporate culture, by vigorously promoting the corporate values of "efficiency, steadiness, and innovation", while steering the Group towards new directions in reform and development. By further improving the ESG system, we will achieve green and sustainable development. As for materials procurement, engineering construction, resource development, and other areas, we will focus on effective oversight and campaigns against corruption to build a "honest and upright" coexistence ecosystem.

Pragmatism represents the most effective solution, and commitment serves as the most rewarding practice. Guided by the goal of being a top domestic gold mining group with international prestige, we must race against the clock, work diligently with perseverance, and strive for reform and innovation. We should take initiative, work hard, and shoulder responsibilities to achieve the strategic development goals of Lingbao Gold.

APPRECIATION

On behalf of the board of directors ("**Board**"), I wish to express our sincere gratitude to all the shareholders for their support and trust, and to the management and all the staff for their dedication and hard work over the past year.

By order of the Board

Chen Jianzheng
Chairman

Lingbao, Henan, the PRC
27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS

In the year ended 31 December 2023 ("**Fiscal Year 2023**"), the Group produced approximately 22,565 kg (equivalent to approximately 725,476 ounces) of gold bullion, representing a decrease of approximately 1,788 kg (equivalent to approximately 57,478 ounces) or 7.34% as compared with the previous year. For the Fiscal Year 2023, due to the Group's continued optimization of the mine production system, enhancement of the production capacity of the mining segment, continuous improvement of the internal control structure of the Group and strict implementation of cost reduction and efficiency enhancement, coupled with an increase in market prices, the Group recorded a net profit of approximately RMB294,027,000 (for the year ended 31 December 2022 ("**Fiscal Year 2022**"): net profit of RMB230,270,000). The basic earnings per share of the Company for the Fiscal Year 2023 was RMB32.35 cents (Fiscal Year 2022: RMB27.8 cents).

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 31 December 2023, covering 216.51 square kilometers. The total gold reserves and resources as at 31 December 2023 were approximately 137.40 tonnes (4,417,346 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:

		2023		2022	
	Unit	**Approximate production volume**	**Approximate sales volume**	Approximate production volume	Approximate sales volume
Gold concentrates (contained gold)	kg	**4,769**	**4,957**	4,582	4,597
Compound gold	kg	**709**	**712**	839	878
Total	kg	**5,478**	**5,669**	5,421	5,475
Total	Ounce	**176,108**	**182,249**	174,289	176,025

The total revenue of the mining segment of the Group for the Fiscal Year 2023 was approximately RMB2,385,419,000, representing an increase of approximately RMB448,586,000 or 23.16% from approximately RMB1,936,833,000 in the previous year. Such increase benefited from an increase in the production and sales volume of various mines compared to previous year due to the Group's efforts to strengthen internal control management and optimize the mine production system, as well as the increase in market prices. Among them, revenue from Mining — PRC was approximately RMB2,245,632,000 (Fiscal Year 2022: RMB1,769,349,000), and revenue from Mining — KR was approximately RMB139,787,000 (Fiscal Year 2022: RMB167,484,000). In the Fiscal Year 2023, revenue of gold mines in Henan, Xinjiang, KR and Inner Mongolia represented approximately 78%, 14%, 7% and 1% of the total revenue of the mining segment, respectively. The production volume of compound gold in the mining segment decreased by approximately 130 kg to approximately 709 kg while the production volume of the gold concentrates increased by approximately 187 kg to approximately 4,769 kg.

Segment results

The Group's total profit of the mining segment for the Fiscal Year 2023 was approximately RMB710,049,000, representing an increase of approximately 38.8% as compared with that in the Fiscal Year 2022, among which, the profit from Mining — PRC was approximately RMB808,030,000 (Fiscal Year 2022: RMB516,640,000), and the loss from Mining — KR was approximately RMB97,981,000 (Fiscal Year 2022: loss of RMB4,994,000). The segment result to segment revenue ratio of the Group's mining business for the Fiscal Year 2023 was approximately 29.8%, as compared with approximately 26.4% for Fiscal Year 2022.

In the Fiscal Year 2023, the revenue from the Mining — PRC segment increased by approximately 26.9% as compared with that in the Fiscal Year 2022, mainly benefiting from the Group's efforts in deepening management mechanism reforms, leveraging technological improvements, strengthening production organization and scheduling, and further enhancing production capacity. The Group completed the production of 5,478 kg of gold concentrates (contained gold) and compound gold throughout the year, representing an increase of 57 kg and a year-on-year increase of 1%. The Group's Nanshan branch deepened the reform of management mechanism, detailed target decomposition, strengthened production organization and scheduling, reduced ore dilution rate, and improved slag grade, which resulted in increased production and sales volume. Xingyuan optimized its production system, leveraged the scale effects of technological improvements, and increased ore selection volume. Overall, the annual production volume showed an increase compared to the Fiscal Year 2022.

In addition, despite the steady optimization of mineral separation indicators of Full Gold Mining Limited Liability Company ("Full Gold") through the research and development of the mineral separation process and technical breakthroughs, the Mining — KR segment loss increased from approximately RMB4,994,000 in the Fiscal Year 2022 to the loss of approximately RMB97,981,000 for the Fiscal Year 2023 due to the increase in inventories impairment of RMB106,344,000.

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 Fiscal Year 2022, resulting in an overall increase in production and revenue.

2. Smelting Segment

The Group's 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:

		2023		2022	
Products	**Unit**	**Approximate production volume**	**Approximate sales volume**	Approximate production volume	Approximate sales volume
Gold bullion (processed from gold concentrates)	kg	**11,066**	**10,992**	11,641	12,139
	ounce	**355,794**	**353,405**	374,267	390,278
Gold bullion (processed from compound gold)	kg	**11,498**	**11,798**	12,712	12,412
	ounce	**369,673**	**379,292**	408,700	399,055
Silver	kg	**18,122**	**19,244**	16,781	16,900
	ounce	**582,652**	**618,713**	539,521	543,348
Copper products	tonne	**3,443**	**3,664**	4,255	4,011
Sulphuric acid	tonne	**114,204**	**118,681**	107,091	119,081

Sales and production

The Group's total revenue in the smelting segment for the Fiscal Year 2023 was approximately RMB10,618,737,000, representing an increase of approximately 4.87% from approximately RMB10,125,830,000 in the previous year.

Segment results

In the Fiscal Year 2023, the smelting segment recorded a loss of approximately RMB9,500,000 (Fiscal Year 2022: profit of approximately RMB22,812,000). In the Fiscal Year 2023, the Group strictly implemented the cost reduction and efficiency enhancement system by taking measures such as optimizing production processes, staggering the use of electricity, making minor changes and reforms and implanting refined management. We also improved the recovery rate with additional tailings disposal facilities, resulting in an increase in the gross profit of our products. However, the impact of changes in supply and demand in the local sulphuric acid market resulted in a loss for the smelting segment during the period.

Work Planning and Outlook for 2024

Looking into 2024, we will align with industry development trends and continue to focus on the strategy of "becoming a large gold production powerhouse". We will benchmark against top-tier domestic enterprises and rely on innovation and talent to actively and prudently advance mineral exploration and reserves enhancement efforts. Additionally, we will expedite the integration of next-generation information technology and mining, while continuously cultivating our core competitiveness and enhancing our technical capabilities and overall economic benefits.

We will persistently adhere to the resource strategy and foster the sustainable development capabilities. We will strengthen corporate governance and establish an efficient and pragmatic operational management system. We will also accelerate the "digitalization" transformation strategy and achieve management upgrading while implementing the strategy of developing a robust company through talents and enhancing the construction of cadres and talent reserves. In addition to upholding the bottom line of safety and environmental protection and building new safeguards for corporate development, we will adhere to a culture of common development and build a new model of green and sustainable development.

FINANCIAL INFORMATION

1. Operating Results

Revenue

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

	2023			2022		
	Amount	Sales volume	Unit price	Amount	Sales volume	Unit price
	(RMB'000)	(kg/tonne)	(RMB per kg/tonne)	(RMB'000)	(kg/tonne)	(RMB per kg/tonne)
Gold bullion	**10,058,989**	**22,790**	**441,383**	9,565,030	24,499	390,425
Silver	**94,578**	**19,244**	**4,915**	69,606	16,838	4,134
Copper products	**218,903**	**3,664**	**59,748**	230,659	4,011	57,507
Sulphuric acid	**4,211**	**118,681**	**35**	38,549	119,081	324
Gold concentrates	**203,706**	**545**	**373,910**	232,145	608	381,817
Others	**34,212**	**—**	**—**	48,875	—	—
Revenue before tax	**10,614,599**			10,184,864		
Less: Sales taxes	**(80,918)**			(58,406)		
	10,533,681			10,126,458		

The Group's revenue for the Fiscal Year 2023 was approximately RMB10,533,681,000, representing an increase of approximately 4.02% as compared with the previous year.

Gross profit

The Group's gross profit for the Fiscal Year 2023 was RMB969,901,000 as compared with the gross profit of RMB785,101,000 in the previous year. Through a series of measures such as strengthening internal control management, cost reduction and efficiency enhancement, and refined management, the Group successfully lowered production costs and increased production capacity. This has been accompanied by an increase in market prices, resulting in simultaneous increases in gross profit and gross profit margins.

Other net loss

The Group's other net loss for the Fiscal Year 2023 was approximately RMB63,131,000, representing an increase of approximately 30.0% as compared with approximately RMB48,561,000 in the previous year.

Other revenue

The Group's other revenue for the Fiscal Year 2023 was approximately RMB48,292,000, representing an increase of approximately 5.68% as compared with approximately RMB45,697,000 in the previous year. The increase in other revenue was mainly due to more government grant received.

Profit attributable to the Company's equity shareholders

For the Fiscal Year 2023, the Company recorded a profit of approximately RMB318,082,000 attributable to equity shareholders of the Company (Fiscal Year 2022: RMB240,222,000). The basic and diluted earnings per share for the Fiscal Year 2023 was RMB32.35 cents (Fiscal Year 2022: RMB27.8 cents).

2. Liquidity and Financial Resources

The Group generally finances its acquisition and operations with internally generated funds and bank loans. The cash and cash equivalents and pledged deposits as at 31 December 2023 amounted to RMB956,604,000 (31 December 2022: RMB1,598,910,000).

The total equity of the Group as at 31 December 2023 amounted to RMB2,436,554,000 (31 December 2022: RMB1,898,582,000). As at 31 December 2023, the Group had current assets of RMB2,964,554,000 (31 December 2022: RMB3,259,605,000) and current liabilities of RMB3,706,322,000 (31 December 2022: RMB4,498,321,000). The current ratio was 80.0% (31 December 2022: 72.5%).

As at 31 December 2023, the Group had total outstanding bank and other borrowings of approximately RMB2,853,108,000 with interest rates ranging from 1.1% to 5.2% per annum (approximately RMB2,725,108,000 and approximately RMB128,000,000 repayable within one year and over one year but within two years, respectively). The gearing ratio as at 31 December 2023 was 41.7% (31 December 2022: 53.2%), which was calculated by total borrowings divided by total assets.

As at 31 December 2023, the Group had unutilised bank facilities related to unsecured bank loans facilities of RMB291,000,000. 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) increasing 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) securing 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) increasing supply chain financing by taking full advantage of the attribute of high liquidity of inventories in the gold mining industry;

4) increasing the liquidity and reducing 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;

5) obtaining financing upon the completion of subscription of the Company's shares (as described in the circular dated 4 January 2023). 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; and

6) Completing placing of new H shares under the general mandate to six Placees (as detailed in the announcements dated 21 February 2024 and 28 February 2024, respectively). The net proceeds from the Placing are intended to be used for procurement of gold concentrate for the production of gold bullion and alleviation of some production pressures.

3. Security and guarantee

For details of securities and guarantees of the Group as at 31 December 2023, please refer to Note 31 "Bank and Other Borrowings" to these financial statements.

4. Connected Party Transactions

(1) Loan from a shareholder

On 24 February 2022, the Company and D&R Asset Management Group Company Limited (達仁投資管理集團股份有限公司) ("**D&R Investment**") entered into a loan agreement and the unsecured loan of RMB30,000,000 was provided by D&R Investment, which is bearing interest per annum at 5.39% and with a maturity of one month. The loan of RMB30,000,000 was repaid in April 2022.

(2) Guarantee issued by a shareholder

During the year ended 31 December 2023, D&R Investment issued maximum guarantees amounting to RMB585,990,000 to several banks in respect of bank and other borrowings, bank acceptance bills and letter of credit of the Company (2022: RMB1,085,000,000).

In 2021, the Company and D&R Investment entered into an agreement for guarantee charge in relation to the above guarantees issued by D&R Investment. The guarantee charge was calculated based on the principals of unpledged bank and other borrowings with annual fee rate of 1%. For the bank and other borrowings pledged by deposits, inventories or long-term assets, no guarantee charge was occurred during the year ended 31 December 2023.

5. Material Acquisition or Disposal

Save as otherwise disclosed in this annual report, there were no material acquisitions or disposals subsequent to 31 December 2023 and up to the date of this annual report.

6. Market Risks

The Group is exposed to various types of market risks, including fluctuations in gold price 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 were affected by fluctuations in the gold prices and other commodity prices as all of 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 cost increases 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 conversion of Renminbi.

In addition to the foregoing, the exchange rate risks to which the Group exposes are mainly caused by 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 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.

7. Contractual Obligations

As at 31 December 2023, the Group's total capital commitments in respect of the contracted costs and the authorised but not contracted costs which were not provided for in the financial statements were approximately RMB376,043,000 (31 December 2022: RMB37,065,000) and RMB Nil (31 December 2022: RMB302,338,000), respectively.

8. Contingent Liabilities

As at 31 December 2023, the Group had no material contingent liabilities.

9. Capital Expenditure

For the Fiscal Year 2023, the Group's capital expenditure was approximately RMB287,398,000, representing an increase of approximately 26% from approximately RMB228,775,000 for the previous year.

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.

10. Employees

For the Fiscal Year 2023, the average number of employees of the Group was 4,103 (male: 77.97% and female: 22.03%). The Company highly treasures its human resources and provides its employees with competitive remuneration and training programs. The gender and type of employees will be disclosed in detail in the Environmental, Social and Governance Report.

The Group recruited and promoted individual persons according to their capabilities and development potential. The Group determined the remuneration packages of all employees including the directors of the Company ("**Directors**") and senior managements with reference to individual performance and prevailing market salary scale.

11. Future plans for material investment or capital assets

Saved as disclosed in this report, the Directors confirmed that as at the date of this report, there are no current plans to acquire any material investment or capital assets other than in the Group's ordinary business development.

12. Significant investments

Saved as disclosed in this report, the Company had no significant investment held during the year ended 31 December 2023.

PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chen Jianzheng (陳建正先生) ("Mr. Chen"), born in December 1968. He graduated from Hunan Agricultural University (land management) in July 1990 and later obtained the bachelor degree in law from Hunan Administration Institute in December 2003. He has many years of experience related to the management and the operation of the mining industry. He also has worked in the underground mine and smelter for more than one year and is very familiar with the mining, mineral separation and smelting process. Prior to joining the Group, he was a member of the party leadership and deputy chief of Land and Resources Bureau of Yuanling County in Hunan Province. He was in charge of mine management and reserve management and possesses very good management experience in mining industry. Mr. Chen was the chairman of the Board and an executive director of the Company from 23 January 2017 to 28 May 2021. Mr. Chen was the chairman and a member of Supervisory Committee of the Company from 28 May 2021 to 13 October 2022. Mr. Chen was appointed as the chairman and an executive Director of the Company, the chairman of the Strategic Committee, as well as a member of the Nomination Committee and the Remuneration Committee in October 2022.

Mr. Xing Jiangze (邢江澤先生) ("Mr. Xing"), born in March 1967, holds a bachelor's degree and is a registered certified public accountant, certified tax agent and senior accountant in the PRC with funds practice qualification. He has extensive work experience in finance, accounting and auditing. He has been working in the Group since April 2007 and had served as assistant financial controller, financial controller and chief investment officer. Mr. Xing has served as secretary of the Board since August 2013 and was appointed as an executive Director in June 2015 and Vice-Chairman since June 2018. Mr. Xing currently is the vice chairman of the Board and the secretary to the Board. Since 8 May 2020, Mr. Xing was appointed as an independent non-executive Director of Xinjiang La Chapelle Fashion Co., Ltd. (a company listed on Shanghai Stock Exchange, stock code: 603157 and a company listed on Hong Kong Stock Exchange, stock code: 6116).

Mr. He Chengqun (何成群先生) ("Mr. He"), born in February 1971, obtained a bachelor degree in enterprise management of Henan Metallurgical Industry University. Mr. He served as an executive director of the Company from July 2010 to June 2015, the deputy general manager of the Company from June 2015 to February 2017, and has been the senior executive vice president of the Company from June 2018 to May 2021. He was appointed as an executive Director and President of the Company in May 2021.

Mr. Dai Weitao (戴維濤先生) ("Mr. Dai"), born in March 1971, obtained a bachelor degree in law from the Correspondence Academy of Party School of the Central Committee of the Communist Party and the accounting qualification certificate. From August 1994 to December 2013, he successively worked in Linghu Gold Mine of Lingbao City (靈寶市靈湖金礦), Lingbao Gold Investment Co., Ltd. Jinhe Branch (靈寶黃金投資有限責任公司金河分公司), and Lingbao Judicial Bureau. He has worked in the Company since December 2013 and served as deputy secretary of the party committee, secretary to the disciplinary committee and the chairman of the labor union. Mr. Dai served as the chairman of the Supervisory Committee of the Company from January 2020 to March 2021. Mr. Dai was appointed as an executive Director of the Company in May 2021, and served as the vice chairman from May 2021 to February 2023.

Mr. Wu Liming (吳黎明先生) ("Mr. Wu"), born in February 1982, holds a bachelor's degree in accounting from Jiangsu University of Science and Technology and a master's degree in accounting from Jinan University (暨南大學). He is a senior accountant and a CMA. Mr. Wu worked at CSSC Offshore & Marine Engineering (Group) Company Limited, shares of which are listed on the Hong Kong Stock Exchange (stock code: 317) from July 2005 to October 2019. Mr. Wu was appointed as the chief financial officer of the Company in November 2019. Mr. Wu was appointed as an executive Director, the vice chairman, financial controller and a member of the management executive committee of the Company in May 2021. Mr. Wu is also the director of D&R Investment.

NON-EXECUTIVE DIRECTORS

Mr. Zhang Feihu (張飛虎先生) ("Mr. Zhang"), born in November 1971, graduated from the Yuxi Normal School in July 1990. In December 2004, he obtained a bachelor degree in law from the Henan Provincial Party School. Mr. Zhang's career started in teaching in Daying Town, Shan County from September 1990 to April 1992. From May 1992 to October 2001, he worked in Su Village Town and served as deputy head of the town and deputy secretary. From May 2003 to October 2005, he was the mayor of Yangdian Town and from November 2005 to October 2012, he served as the mayor and secretary of Chengguan Town. From November 2012 to April 2016, he worked in the mass work department of Lingbao Municipal Committee and from October 2017 to November 2018, he served as the general manager of Lingbao City Urban Transformation Investment Company Limited, and was the legal representative. Currently he is working in Lingbao State-owned Assets Operation Limited Liability Company and serves as the chairman and legal representative. Mr. Zhang was appointed as a non-executive director of the Company in April 2019.

Mr. Wang Guanran (王冠然先生) ("Mr. Wang GR"), born in May 2000, attended the George Washington University School of Business in the United States of America, majoring in International Relations and Economics, as an undergraduate. However, due to the COVID-19 pandemic, he discontinued his studies in 2020. Mr. Wang GR joint Shenzhen Jiesi Weiye Holding Co., Ltd (深圳傑思偉業控股股份有限公司) in 2019 and has been the chairman and president since 2020. He has been a director of D&R Investment since July 2020 and has been the chairman since May 2021. He joined Shenzhen Londian Electrics Co., Ltd in 2020 as a director and has been the co-chief executive officer since May 2023. Mr. Wang GR is the controlling shareholder of Shenzhen Jiesi Weiye Holding Co., Ltd (深圳傑思偉業控股股份有限公司) and D&R Investment. Mr. Wang GR was appointed as a non-executive Director of the Company in May 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Guanghua (汪光華先生) ("Mr. Wang GH"), born in February 1952, graduated from Beijing Institute of Chemical Technology (renamed Beijing University of Chemical Technology in 1994) majoring in chemical engineering in July 1974. Mr. Wang GH has more than 30 years of experience in investment, government affairs and business operation and management. He worked in New Era New Materials Development Company of China New Era Group Corporation as general manager from January 2006 to February 2012. He served as partner of Elevation China Capital from March 2012 to August 2014 and served as chairman of Ningxia Jiecheng Investment and Management Company Limited and executive partner of Ningxia Jiecheng Venture Capital Fund, which was approved to establish and funded by National Development and Reform Commission and Ministry of Finance from March 2014 to November 2015. He has been serving as a director of Nanjing Jingtaiheng Investment and Management Company Limited since July 2015, during which he served as the chairman from July 2015 to 2018, and in charge of Nanjing Jingyong Healthcare Venture Capital Fund, which was funded by Zijin Group, a financial platform of Nanjing Municipal People's Government. Mr. Wang GH has more than 30 years of working experience in investment, government affairs and business operation and management. Mr. Wang GH was appointed as an independent non-executive Director of the Company in March 2016.

Mr. Wang Jiheng (王繼恒先生) ("Mr. Wang"), born in July 1966, holds a master's degree in law of NorthWest University of Politics and Law and a doctoral degree in law of Wuhan University, and is an associate professor and an advisor of master degree students. He currently engages in the teaching and research of environment and resources law in the Economic Law College of NorthWest University of Politics and Law, and serves as a vice president of the Resources and Energy Law Research Institute of that College, and also the director of the Resources and Energy Law Teaching and Research Department. His part-time jobs include secretary-general of the environment and resources law research association of Xi'an Society of Law, member of the policy advisory committee of Lianhu District of Xi'an, senior trainer of EU — China Environmental Governance Program and trainer of the environmental law institute of the International Union for Conservation of Nature (IUCN). Mr. Wang was appointed as an independent non-executive Director of the Company in June 2015.

Mr. Xu Rong (徐容先生) ("Mr. Xu"), born in December 1975, obtained an associate degree in finance and accounting from Heilongjiang University of Commerce (黑龍江商業大學) in July 1998, and obtained a master's degree in finance and investment management from the University of Hong Kong in March 2012. Mr. Xu is currently a certified public accountant in the People's Republic of China ("PRC"), certified public asset appraiser in the PRC and certified tax agent in the PRC. In 2010, he received the independent director certification from the Shanghai Stock Exchange ("SSE"). In 2019, he received the independent directorship completion certificate from the Science and Technology Innovation Board of the SSE (the "Sci-Tech Board"). Between October 1999 and October 2015, Mr. Xu held various positions at various accounting firms, including project manager or chief partner. Since November 2015, he has been serving as a partner of Beijing Xinghua Certified Public Accountants Firm (Special General Partnership), as well as the principal officer of its Suzhou Branch. Since September 2017, Mr. Xu has been serving as an independent director of BrightGene Bio-Medical (Suzhou) Co., Ltd. (博瑞生物醫藥(蘇州)股份有限公司) (a company listed on the Sci-Tech Board with stock code: 688166). Since May 2018, Mr. Xu has been serving as an independent director of Poly Plastic Masterbatch (SuZhou) Co., Ltd (蘇州寶麗迪材料科技股份有限公司). Mr. Xu served as an independent director of Suzhou Fanglin Technology Co., Ltd. (蘇州方林科技股份有限公司) and SuZhou Kete Environment Protection Co., Ltd. (蘇州科特環保股份有限公司) between August 2016 and June 2019, and between December 2013 and May 2020, respectively. Mr. Xu was appointed as an independent non-executive Director of the Company in July 2020.

Mr. Tan Chong Huat (陳聰發先生) ("Mr. Tan"), born in October 1963, obtained a Bachelor Degree in Law at the National University of Singapore in June 1989 and a LLM from the University of London in December 2007. Mr. Tan has over 30 years of experience in legal industry and has extensive experience in corporate, banking and project finance law in Singapore and the region, and acted in numerous significant corporate transactions in the areas of initial public offerings, reverse takeovers, management buy-outs, restructuring, merger and acquisitions, and financing of major real estate and infrastructure. He has been the senior partner and one of the founding members of RHTLaw Taylor Wessing since May 2011. Mr. Tan was appointed as Deputy Chairman of the Singapore Exchange Disciplinary Committee on 23 February 2017. Mr. Tan is also a member of the Singapore Institute of Directors and the Hong Kong Institute of Directors and sits on the boards of a company listed on Singapore Exchange. Mr. Tan was appointed as Deputy Chairman of the Singapore Exchange Disciplinary Committee in February 2017. Mr. Tan was appointed as an independent non-executive Director of the Company since May 2021. Since 1 January 2024, Mr. Tan has been the Chairman of the National Council Against Drug Abuse in Singapore.

SUPERVISORY COMMITTEE AND SUPERVISORS

Mr. Yang Shilei (楊石磊先生) ("Mr. Yang"), born in September 1983, an environmental engineer. He graduated from the Third Military Medical University in July 2007 and obtained the bachelor degree of clinical medicine. Currently, he served as the deputy manager of the securities legal department, the deputy general manager of Habahe Huatai Gold Company Limited (哈巴河華泰黃金有限責任公司), chairman of Lingbao Xinan Solid Waste Disposal Co., Ltd. (靈寶鑫安固體廢物處置有限責任公司) and chairman of Chifeng Jinchan Mining Company Limited (赤峰金蟾礦業有限公司) from December 2021 to February 2023. Mr. Yang was appointed as the head of the Company's office with effect from February 2023. Mr. Yang was appointed as a supervisor of the Group in March 2019.

Mr. Guo Xurang (郭許讓先生) ("Mr. Guo"), born in May 1970, obtained a master's degree in business administration from Hangzhou Dianzi University, Zhejiang Province, in July 2003. Since April 2007 Mr. Guo Xurang has been the chairman of Shannan Wanlaixin Investment Company Limited, which was named Beijing Wanlaixin Investment Company Limited from April 2007 to July 2013. Mr. Guo was appointed as a supervisor of the Group in June 2014.

Mr. Zhao Bingbing (趙兵兵先生) ("Mr. Zhao"), born in March 1978, obtained a bachelor's degree in economic management from Institute of the Chinese Communist Party in Henan Province in September 2010. Mr. Zhao has over 25 years of experience in gold industry. Mr. Zhao is currently the chairman of Lingbao Kaiyuen Mining Company Limited. Mr. Zhao was appointed as a supervisor of the Group in June 2018.

Mr. Liu Haotian (劉皓天) ("Mr. Liu"), born in July 1985, obtained a bachelor's degree in accounting from Zhengzhou University. Previously, he worked at various government bodies, including the Lingbao Health Bureau (靈寶市衛生局) from March 2008 to September 2010, the Lingbao Agricultural Tax Bureau (靈寶市農業税務局) from October 2010 to March 2011, and the Administrative and Law Section of Lingbao Finance Bureau (靈寶市財政局行政政法科) from April 2011 to September 2015. From October 2015 to December 2017, Mr. Liu was promoted as the deputy director of the Office of Non-Taxation Bureau of Lingbao Finance Bureau (靈寶市財政局非税局辦公室), and the head of the Investment and Financing Section of the Lingbao Shanty Reform Office (靈寶市棚改辦招商融資科). Since October 2018, Mr. Liu has been the general manager of Lingbao State-owned Assets Operation Limited Liability Company. Mr. Liu was appointed as a supervisor of the Group since May 2021.

SENIOR MANAGEMENT

Mr. Wang Pinran (王品然先生) ("Mr. Wang PR"), born in November 2002, graduated from University College London in 2022 in the United Kingdom. From June 2022 to March 2023, he worked in Shenzhen Londian Electrics Co., Ltd. He joined the Company in April 2023 and has been the assistant to the Chairman since April 2023 and the chairman of the management executive committee since November 2023.

Mr. Wang Guodong (王國棟先生) ("Mr. Wang GD"), born in March 1971, obtained a college degree in mining engineering from Xi'an Institute of Metallurgy and Architecture. Mr. Wang GD is a senior production and operation division manager and a mine engineer. He served as the chairman of the Supervisory Committee of the Company from June 2014 to March 2019 and has been the vice president of the Company since March 2019.

Save as disclosed herein, as of the date of this annual report, the Directors confirmed that no change in information was required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

CORPORATE GOVERNANCE REPORT

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

The Company has adopted the code provisions ("Code Provisions") as stated in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix C1 to the Listing Rules. 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 year under review, the Company has complied with the Code Provisions in the CG Code.

THE BOARD

The Board is the executive body of the Company and shall be responsible for formulating and executing the operation plans and management decisions of the Company as well as establishing the overall strategic direction. Its duties include evaluating the performance of senior management and supervising the system of the Company. The Board has to act in the best interest of the Company and its shareholders.

The current composition of the Board is set out in the following table:

Director	**Position**
Mr. Chen Jianzheng	Executive Director and Chairman
Mr. Xing Jiangze	Executive Director and Vice-Chairman
Mr. He Chengqun	Executive Director and President
Mr. Dai Weitao	Executive Director
Mr. Wu Liming	Executive Director
Mr. Zhang Feihu	Non-executive Director
Mr. Wang Guanran	Non-executive Director
Mr. Wang Jiheng	Independent Non-executive Director
Mr. Wang Guanghua	Independent Non-executive Director
Mr. Xu Rong	Independent Non-executive Director
Mr. Tan Chong Huat	Independent Non-executive Director

Pursuant to the articles of association of the Company ("Articles of Association"), the term of appointment of the Directors (including the non-executive Directors and independent non-executive Directors) shall be three years and the Directors are eligible for re-election. The chairman of the Company, Mr. Chen Jianzheng, and the other four executive Directors are responsible for the business management of the Company, formulation and implementation of important strategies, making daily business decision, and coordination of overall business operation.

All of the Directors can give sufficient time and attention to the Company's affairs.

Non-executive Directors and independent non-executive Directors possess wide expertise and experience and are able to give professional advice in various aspects such as law, accounting, finance, tax, equity capital and industrial and commercial industries. The non-executive Directors would participate in Board meetings of the Company to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. In addition, they would take the lead in Board meetings where potential conflicts of interests arise. They also have to scrutinise the Company's performance in achieving agreed corporate goals and objectives.

Independent non-executive Directors are expressly identified in the corporate communications that disclose the names of the Directors by the Company.

The Company has received annual written confirmation from each of the independent non-executive Directors to ensure they are in compliance with Rule 3.13 of the Listing Rules in respect of their independence. Apart from employment relationships with the Company, there is no any financial, business, family or other material relationships amongst members of the Board. The Company considers that they are independent.

The Company has established various internal control systems which allow the Board to maintain high standard of corporate governance in the management of the Company. To ensure that the Board performs its duties effectively, the management is required to submit business and financial reports of the Company to the Board regularly. The Board is responsible for performing the corporate governance duties according to the Code Provision A.2.1 set out on the CG Code, which includes: (1) developing and reviewing the policies and practices on corporate governance of the Group; (2) reviewing and monitoring the training and continuous professional development of Directors and senior management; (3) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; (4) developing, reviewing and monitoring the code of conduct applicable to Directors and employees; and (5) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

Directors would make further enquiries if they require further enquiries than is information volunteered by management. The Board has separate and independent access to the company secretary and other senior management at all times to conduct informal discussions. It is at the Company's expense for the Board to contact the auditors, lawyers or other professionals to obtain independent professional opinions when appropriate. Management are regularly reminded by the company secretary that they have an obligation to provide the Board and its committees with adequate, complete and reliable information in a timely manner. All Directors have access to Board papers and related materials which will enable the Board to make an informed decision on matters placed before it. Steps are taken to respond to enquiries raised by Directors as fully as possible.

Procedures for the handling and dissemination of inside information

The Group has established procedures in handling and dissemination of inside information in an accurate, secure and timely manner and to avoid possible mishandling of inside information within the Group.

The Group complies with requirements of Securities & Futures Ordinance ("**SFO**") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

For the year ended 31 December 2023, the Board of the Company held 14 meetings to discuss and approve various important matters. All such meetings were convened in accordance with the Articles of Association. The table below lists out the attendance of each Director at the Board meetings held during the year up to the date of this report. The attendance illustrates the attention of the Board to the management of the Company's affairs. The matters processed by the Board in the meetings are all recorded, and the relevant records are kept pursuant to relevant laws and regulations.

Director	Number of Board meetings that the Director was entitled to attend	Number of Board meetings that the Director attended	Attendance (%)	Number of general meetings and class general meeting attended/held
Mr. Chen Jianzheng	14	14	100	3/3
Mr. Xing Jiangze	14	14	100	3/3
Mr. He Chengqun	14	14	100	3/3
Mr. Dai Weitao	14	14	100	3/3
Mr. Wu Liming	14	14	100	3/3
Mr. Zhang Feihu	14	14	100	3/3
Mr. Wang Guanran	14	14	100	3/3
Mr. Wang Jiheng	14	14	100	3/3
Mr. Wang Guanghua	14	14	100	3/3
Mr. Xu Rong	14	14	100	3/3
Mr. Tan Chong Huat	14	14	100	3/3

Prior to each regular Board meeting, the management of the Company shall submit materials relevant to the affairs to be discussed in the meeting to the Board. Notice convening the regular Board meeting shall be sent to all Directors at least ten days before the meeting so that arrangements can be made to attend the meeting. Documents required for regular meetings of the Board shall be sent to the Directors at least three days before the meeting, to ensure that enough time is given to the Directors to review the documents and get prepared for the meeting.

The Board meeting is chaired by the chairman to ensure that sufficient time is allocated to the consideration and discussion of each matter in the agenda and each Director is given an equal opportunity to speak. In addition, the Board are given an opportunity to include matters in the agenda. Minutes of Board meetings and meetings of Board committees record detailed concerns raised by Directors and dissenting views expressed. Minutes of Board meetings and meetings of Board committees would be kept by secretary and such minutes are opened for inspection at any reasonable time on reasonable notice by any Director.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation or by a committee but a Board meeting would be held. Independent non-executive Directors have no material interest in the transaction would be present at such Board meeting.

Every newly-appointed Director would receive a comprehensive, formal and tailored induction on the first occasion of his/her appointment, and subsequently continuous briefing and professional development would be arranged to ensure that he/she has a proper understanding of the operations and business of the Company and that he/she is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company. All Directors are encouraged by the Group to participate in continuous professional development to develop and refresh their knowledge and skills. In November 2023, the Company invited the Hong Kong legal adviser to conduct thematic training in relation to the directors' responsibilities and the Listing Rules, in which all Directors attended. In addition, all Directors have read latest development of the Company's business or directors' duties and responsibilities and the Listing Rules as well as other applicable regulatory requirements.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to the Articles of Association, Directors shall be subject to election at the Company's general meetings with a term of office of three years and may be re-elected. The Company has implemented a set of effective procedures for the appointment of new Directors. The nomination committee shall, in accordance with provisions of the relevant laws and regulations and the Articles of Association, take into account the practical situations of the Company, consider the selection criteria, selection procedures and terms of office of the Directors, and record and submit the resolutions to the Board for approval. All newly nominated Directors are subject to election and approval at general meetings.

All Directors have been elected for a term of three years at the annual general meeting of the Company held on 28 May 2021. All Directors shall be eligible for election at the forthcoming annual general meeting of the Company.

BOARD COMMITTEE

The Board has established four committees. Each committee has its terms of reference, including the review of matters of extraordinary nature, giving suggestions to the Board and making decisions on behalf of the Board relating to such matters when appropriate.

(1) Audit Committee

The audit committee of the Board is a body specifically set up by the Board according to the resolutions of general meetings and shall mainly be responsible for the communication, supervision and inspection of internal and external audit.

After our listing, the Company has been in full compliance with the requirements of Rule 3.21 of the Listing Rules.

In 2023, the audit committee comprises of five members, all of which are non-executive Director or independent non-executive Director. Any former partner of BDO Limited should be prohibited from acting as a member of the audit committee. Pursuant to the Listing Rules, a member of independent director specializing in accounting will be the chairman of the audit committee who will be in charge of the work of the committee. The committee now comprises of the following members:

Mr. Xu Rong *(Chairman)*
Mr. Wang Jiheng
Mr. Wang Guanghua
Mr. Zhang Feifu
Mr. Tan Chong Huat

The principal duties of the audit committee are: (a) to suggest recruiting or changing external audit organization; (b) to supervise the internal audit system of the Company and its implementation; (c) to facilitate the communication between internal audit and external audit; (d) to review the financial information of the Company and its disclosure; (e) to inspect the internal control system of the Company and to audit major connected transactions; (f) to develop and implement policy on the engagement of an external auditor to supply non-audit service; (g) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The audit committee would discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences; (h) to monitor integrity of financial statements and the annual reports of the Company and accounts, half-year reports and to review significant financial reporting judgments contained in them. In this regard, in reviewing the relevant statements and reports before the submission of the Company's annual reports and accounts, half-year reports to the Board, the committee would focus particularly on: (i) any changes in accounting policies and practices; (ii) major judgmental areas; (iii) significant adjustments resulting from audit; (iv) the going concern assumptions and any qualifications; (v) compliance with accounting standards; (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting; (vii) members of the committee would liaise with the Board, senior management of the Company and the qualified accountant and the committee must meet, at least once a year, with the Company's auditors; and (viii) the committee would consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the qualified accountant, compliance adviser and auditors; (i) to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system; (j) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response; (k) to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function; (l) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response; (m) to report to the Board on the matters set out in Code Provision D.3.3; and (n) to be responsible for other matters as authorized by the Board of the Company.

The terms of reference of audit committee are kept at the registered office of the Company and have been published on the Company's website for reference.

The audit committee has been provided with sufficient resources to discharge its duty. Details of audit committee meetings held during the year are as follows:

Director	Number of audit committee meetings in 2023	Number of meetings that member of committee attended	Attendance (%)
Mr. Xu Rong *(Chairman)*	3	3	100
Mr. Wang Jiheng	3	3	100
Mr. Wang Guanghua	3	3	100
Mr. Zhang Feihu	3	3	100
Mr. Tan Chong Huat	3	3	100

In 2023, three meetings of the audit committee were held. On 20 March 2023, the audit committee reviewed the audited results announcement for the year ended 31 December 2022. On 31 August 2023, the audit committee reviewed the Company's interim report for the year 2023. On 20 December 2023, the audit committee has considered various factors when selecting BDO Limited as the auditor of the Company, including, inter alia, (i) the standard of business integrity from its track records and its reputation in the industry; (ii) its independence and objectivity; (iii) its industry knowledge, technical competence/expertise and performance capability; (iv) its familiarity with the requirements under the Listing Rules and the International Financial Reporting Standard; (v) its infrastructure, resources and capability of completing the audit of the Group's consolidated financial statements for the year ending 31 December 2023 within the stipulated schedule; (vi) its audit proposal, and its presentation to and communication with the audit committee; and (vii) its governance and corporate culture and team structure.

In addition, the audit committee had reviewed the financial statements for the year ended 31 December 2023 before the announcement of the Company's annual results. During the discussion, the audit committee had reviewed key areas in which management's judgment applied for adequate provision and disclosure, and internal control policies.

(2) Strategic Committee

The strategic committee of the Board is a body specifically set up by the Board according to the resolution of the general meeting and shall mainly be responsible for conducting research and giving advice regarding the long-term development strategies and material investment decisions of the Company.

For the year ended 31 December 2023, the strategic committee comprises of six members, with at least one independent non-executive Director pursuant to the implementation measure. The committee now comprises of the following members:

Mr. Chen Jianzheng *(Chairman)*
Mr. Xing Jiangze
Mr. He Chengqun
Mr. Dai Weitao
Mr. Wu Liming
Mr. Wang Guanghua

The principal duties of the strategic committee in strategic and investment planning are: (a) to conduct research and make suggestions concerning the long-term development strategic plans of the Company; (b) to conduct research and make suggestions concerning the material investment and financial proposals which are subject to the approvals of the Board and the general meeting pursuant to the Articles of Association; (c) to conduct research and make suggestions concerning the material capital management and assets management projects which are subject to the approvals of the Board and the general meeting pursuant to the Articles of Association; (d) to conduct research and make suggestions concerning other significant events that influence the development of the Company; (e) to carry out inspection concerning the implementation of the above matters; and (f) to be responsible for other matters as delegated by the Board.

With reference to the amendment made in the Implementation Rules of the strategic committee on 16 February 2022, the strategic committee enhanced the principal duties in environmental, social and governance, which are: (i) to review and give advice on the Company's vision, goals, and strategies for its environmental, social and governance matters; (ii) to review the Company's policies and strategies for environmental, social and governance matters to ensure its compliance with relevant laws, regulations and standards; (iii) to review and assess the Company's risks and opportunities arising from its environmental, social and governance matters; (iv) to review and assess the adequacy and effectiveness of the Company's environmental, social and governance structure; (v) to review and give advice on the Company's environmental, social and governance reports; and (vi) other matters authorized by the Board.

In 2023, one meeting of the strategic committee was held. All members attended the meeting.

The strategic committee had reviewed the 2022 Environmental, Social and Governance Report ("ESG report").

(3) Nomination Committee

The nomination committee of the Board is a body specifically set up by the Board according to the resolutions of general meetings and shall mainly be responsible for making suggestions regarding the selection of the Directors and managers of the Company, choosing and making suggestions relating to the selection standards and procedures.

The nomination committee comprises of the following members, a majority of which are independent non-executive Directors:

Mr. Wang Guanghua *(Chairman)*
Mr. Chen Jianzheng
Mr. Wang Jiheng
Mr. Xu Rong
Mr. Wang Guanran

The main duties of the nomination committee include: (a) making recommendations to the Board on the Board's scale and composition in accordance with the operating activities, scale of assets and shareholding structure of the Company; (b) studying the criteria and procedures for the election of Directors and management personnel and making recommendations to the Board thereon; (c) seeking for the right candidates for the position of Directors and management personnel; (d) reviewing the candidates for the position of Directors and management personnel and making recommendations thereon; (e) reviewing other senior management proposed to be appointed by the Board and making recommendations thereon; and (f) undertaking other tasks as delegated by the Board.

The terms of reference of nomination committee have been published on the Company's website.

The nomination committee would hold a meeting to discuss the appropriateness of the candidates and consult the chairman about their proposals relating to the nomination of other executive Directors and have access to professional advice if considered necessary. The criteria for selection include professional qualification, industrial experience and academic background.

Written notice of the intention to nominate a candidate together with the respective resume would be delivered to the Board for its consideration and approval.

No nomination committee meeting was held in 2023.

(4) Remuneration and Review Committee

The remuneration and review committee is a body specifically set up by the Board according to the resolutions of general meetings and shall mainly be responsible for formulating the review criteria of and conducting review for the Directors and senior management of the Company, as well as formulating and reviewing their remuneration packages and proposals. It is accountable to the Board. The committee would be provided with sufficient resources to discharge its duty.

In 2023, the remuneration and review committee comprises of three independent non-executive Directors and two executive Directors. The members of the committee are as follows:

Mr. Wang Jiheng *(Chairman)*
Mr. Chen Jianzheng
Mr. Wang Guanghua
Mr. Xu Rong
Mr. He Chengqun

The main duties of the remuneration and review committee include: (a) formulating and making recommendation to the Board on policy and structure for remuneration packages or proposals according to the major areas, duties and importance of the management position of Directors and senior management and the remuneration for relevant positions of other relevant enterprises; (b) establishing criteria, procedures and major assessment system for performance assessment and major proposals and systems for awards and punishments; (c) reviewing the performance of duties and conducting annual performance assessment of the Company's Directors and senior management; (d) monitoring the implementation of the Company's remuneration system; and (e) undertaking other tasks as delegated by the Board.

Moreover, the remuneration and review committee has to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.

Besides, the remuneration and review committee would review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.

The remuneration and review committee will also ensure that none of the Directors or any of their associates is involved in deciding his own remuneration.

The remuneration and review committee makes available its terms of reference, explaining its role and the authority delegated to the Company by the Board, and copies of its terms of reference are kept at the registered office and has been published on the Company's website.

In 2023, one meeting of the remuneration and review committee was held. Attendance of individual members of the remuneration and review committee to the committee meeting in 2023 are as follows:

Director	Number of remuneration and review committee meetings in 2023	Number of meetings that member of committee attended	Attendance (%)
Mr. Wang Jiheng *(Chairman)*	1	1	100
Mr. Wang Guanghua	1	1	100
Mr. Chen Jianzheng	1	1	100
Mr. Xu Rong	1	1	100
Mr. He Chengqun	1	1	100

The remuneration and review committee had considered the annual salary review as well as bonus plan of Directors and senior management for 2023.

Breakdown of the Directors' and the supervisors' remuneration for the year ended 31 December 2023 is set out in note 12 to the financial statements.

BOARD DIVERSITY POLICY

Purpose

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Pursuant to the Rule 13.92 of the Listing Rules, issuers with a single gender board will have to appoint at least a director of a different gender on the board no later than 31 December 2024. The Company will keep diversifying the Board and seeking suitable candidates to fulfil the Listing Rules' requirement at the forthcoming 8th Session of the Board.

Measurable Objectives

Selection of candidates for Directors will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender and age) will be disclosed in the annual report of the Company.

Monitoring and Reporting

The nomination committee of the Company will review annually the Board's composition under diversified perspectives, and monitor the implementation of the Board Diversity Policy.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by Directors. The Company has made specific enquiry to all Directors and supervisors, who have confirmed that they have complied with the Model Code in 2023.

The Board has established written guidelines for employees who are likely to possess unpublished inside information in respect of their dealings in the securities of the Company.

CHAIRMAN AND PRESIDENT

Mr. Chen Jianzheng is the chairman of the Company and Mr. He Chengqun is the president of the Company. The roles of the chairman and president are served by different individuals to achieve a balance of authority and power. The main responsibility of the chairman is to lead the Board and manage its work to ensure that it effectively operates and fully discharges its responsibilities. According to Article145 of the Articles of Association of the Company, currently, the management executive committee of the Company (the "Management Executive Committee") exercises the operation and management rights of the Company (including the whole or part of the powers of the president of the Company). The president, supported by the Management Executive Committee, is responsible for the day-to-day management of the Group's business and determining and implementing operational decisions.

MANAGEMENT FUNCTIONS

The Board is responsible for formulating and executing the operation plans and management decisions of the Company as well as establishing the overall strategic direction. When the Board delegates its management functions to the management, clear directions will be given and management will report to the Board on regularly basis. The Board reserves most of the powers and delegates routine duties to management including bank loan arrangement. There would be a periodic review of the arrangement. Management must obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group.

COMPANY SECRETARY

The Company has engaged in a service contract with an external service provider, Mr. Chui Man Lung Everett, who was appointed as the company secretary of the Company (the "Company Secretary"). Mr. Xing Jiangze, the executive Director, is the primary corporate contact person of the Company with the Company Secretary. Being the Company Secretary, Mr. Chui Man Lung Everett plays an important role in supporting the Board by ensuring good information flow within the Board and that the Board policies and procedures are followed. Mr. Chui Man Lung Everett is responsible for advising the Board on corporate governance matters and should also facilitate induction and professional development of Directors.

During the year, the Company Secretary has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

FINANCIAL REPORTING

Management provides financial information with explanation to the Board to assist the Board in assessing the financial position of the Company. Financial statements are the responsibilities of Directors. The Board has to present a balanced, clear and understandable assessment which extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The reporting responsibilities of BDO Limited, the international auditor, are stated in the Auditor's Report on pages 56 to 63 of the annual report.

There was no material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Board has taken the same view as that of the audit committee in relation to the appointment of BDO Limited as international auditor of the Company.

AUDITORS' REMUNERATION

The independence of the external auditor is monitored by the Audit Committee which is primarily responsible for making recommendations to the Board on the appointment of the external auditor as well as approving their terms of engagement and remuneration.

The remuneration paid to the external auditor of the Company, BDO Limited, in respect of audit and non-audit services provided to the Group during the year under review was analyzed below:

Service Category	**Fees paid/ payable** RMB'000
Audit services	2,500
Non-audit services	700
Reimbursement of expenses	40
	3,240

INTERNAL AUDIT

The Company has an internal audit function. The task of internal audit of the Company during the year has been performed by the internal auditor. The internal auditor is neither affiliated with the employees nor external auditor of the Company in order to enhance objectivity, creditability and independence and it reports to the audit committee directly.

The internal auditor submitted an assessment report to the audit committee and the Board. During the year ended 31 December 2023, the Board was of the view that the key areas of the Company's internal control and risk management systems had been reasonably implemented and considered sound and effective.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring the risk management and internal control systems of the Group remain sound and effective. The tasks of risk management and internal control of the Company during the year has been performed by the internal auditor of the Company. The internal auditor is neither affiliated with the employees nor our external auditor of the Company in order to enhance objectivity, creditability and independence. The internal auditor provided a review report to the Board that the risk management and internal control systems of the Company remains sound and effective throughout the year.

During the year, the Board conducted a review of the adequacy and effectiveness of the risk management and internal control systems of the Group by reviewing the work of the internal audit department, the Group's external auditor, and regular reports from management. Such review covers all material controls, including financial, operational and compliance controls and risk management functions. During the year ended 31 December 2023, the Board considered the risk management and internal control systems of the Group effective and adequate and complied with the Code Provisions of the CG Code, and any recommendations put forward in the report will be follow up by the Group to ensure that they are implemented within a reasonable time.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Board has already established a policy on the procedures and internal controls for the handling and dissemination of inside information. The policy stipulated the duty and responsibility of inside information announcement, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemption and wavier to the disclosure of inside information, and also compliance and reporting procedures. Every senior management of the Company must take all reasonable measures to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company from time to time. They must promptly bring any possible leakage or divulgence of inside information to the attention of the secretary of the board, who will notify the Board accordingly for taking the appropriate action promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding recurrence.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Company highly values its relationship with its investors and shareholders. It maintains amicable relationship with investors, fund managers and shareholders through one-on-one meetings, road shows, seminars and on-site inspection by investors, thereby allowing investors to have a better understanding of the Company's financial position, production operations, management decisions, overall strategic directions and latest development.

The Board has reviewed the implementation and effectiveness of the shareholders communication policy and the results are satisfactory.

CHANGE IN CONSTITUTIONAL DOCUMENTS

In 2023, the Board of the Company proposed to make amendments to the Articles of Association (a) to delete the wordings relating to the Mandatory Provisions for Articles of Association of Companies Listed Overseas (《到境外上市公司章程必備條款》) ("**Mandatory Provisions**") and State Council's Special Regulations on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) ("**Special Regulations**") to reflect recent relevant changes in PRC regulations and corresponding Listing Rules update; (b) amendments to provisions relating to the Company's business scope to align with items set out in the Company's business license; (c) certain housekeeping amendments to update outdated references and correct clerical inconsistencies with the Company Law. The amendments were duly passed by the shareholders of the Company at the extraordinary general meeting of the Company held on 14 December 2023. For details of the amendment to the Articles of Association, please refer to the circular of the Company dated 16 November 2023.

All conditions in respect of the conditional subscription agreement entered into between the Company and the Subscriber dated 11 November 2021 in relation to the Subscription ("**Subscription Agreement**") as set out in the Circular dated 11 November 2021 have been fulfilled, and the completion of the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement ("**Subscription**") took place on Friday, 18 August 2023. Thus, the Articles of Association was amended to reflect the new shareholding structure on 18 August 2023.

Save as disclosed above, there was no change in the Articles of Association during the year ended 31 December 2023.

The Articles of Association is available on the websites of the Stock Exchange and the Company.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on every substantial matters, including the election of individual directors, for shareholders' consideration and voting. Furthermore, the Company regards the annual general meeting as an important event and Directors, chairman of each board committee, senior management and external auditor make an effort to attend the annual general meetings of the Company to address the shareholders' queries. All resolutions proposed at shareholders' meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/lingbao) on the same day of the relevant general meetings.

Procedures for shareholders to propose a general meeting

1. Two or more shareholders holding a total of ten percent (inclusive) or more of the shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the Board to convene an extraordinary shareholders' general meeting or a meeting of shareholders of different series and stating the subject of the meeting. The Board shall convene the shareholders' general meeting or the meeting of shareholders of different series as soon as possible after having received the above-mentioned written request. The shareholding referred to above shall be calculated as of the day on which the written request is made.

2. If the Board fails to issue a notice of such a meeting within 30 days after receipt of the written notice aforesaid, then the shareholders who made such request may themselves convene such meeting 4 months since after the Board's receipt of the request. The procedures to convene shall, to the extent possible, be identical to the procedures the Board convenes the general meetings.

When shareholders convene and hold a meeting because the Board failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent Directors.

Procedures for Shareholders to make Proposals at the General Meeting

When the Company is to hold an annual general meeting, shareholders who individually or jointly hold five percent (inclusive) and more of the total number of the Company's voting shares shall be entitled to propose motions in writing to the Company. The Company shall include in such meeting's agenda the matters which fall within the functions and powers of general meetings.

Procedures and Contact Details for Making Enquiries

1. Deliver their verbal enquiries to the Board members, chairman of Board committees or their delegates, appropriate management executives or auditor who attend the Company's annual general meeting; or

2. Make enquiries to the Company through the following means:

By post:	The secretary office of the Board, Hangu Road and Jingshan Road intersection, Lingbao, Henan Province, the PRC
By tel:	+86 398 8860166

REPORT OF THE SUPERVISORY COMMITTEE

1. MEETINGS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

In 2023, two supervisory committee meetings were held by the supervisory committee.

2. INDEPENDENT WORK REPORT OF THE SUPERVISORY COMMITTEE

In 2023, aiming at protecting the interest of the Company and the shareholders, the supervisory committee of the Company seriously performed its duties in accordance with the Company Law of the PRC ("Company Law"), Securities Law, Listing Rules and other relevant rules and regulations and the Articles of Association, comprehensively monitored aspects such as the Company's capital operation, operating management, financial position and the fulfillment of obligations by senior management. After a serious review, members of the committee unanimously agreed to the following:

i. Legal Compliance of the Company's Operations

The supervisory committee of the Company conscientiously carried out various resolutions according to the relevant resolutions in general meetings, during which its decision-making procedures were in compliance with the relevant requirements of the Company Law, Listing Rules and the Articles and Association. It also strictly implemented the rules and systems for internal control, project investment management approach, connected transactions, resources purchase and project tendering management. None of the officers, including directors and managers, were aware of any violations of the laws, regulations and Articles of Association or any act which would prejudice the Company's interests.

ii. Inspection of the Financial Status of the Company

In 2023, the supervisory committee reviewed the financial system and position of the Company and considered that the financial report of the Company for 2023 truly reflected its financial position and operating results.

iii. External Guarantees

The Company did not have any additional external guarantees for the year ended 31 December 2023.

DIRECTORS' REPORT

The Directors hereby submit their annual report together with the audited financial statements for the year ended 31 December 2023.

PRINCIPAL PLACE OF BUSINESS

Lingbao Gold Group Company Ltd. is a company incorporated and domiciled in the PRC and has its registered office at Hangu Road and Jingshan Road intersection, Lingbao, Henan Province, the PRC and its principal place of business in Hong Kong at Unit 1104, 11/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the mining, processing, smelting and sales of gold and other metallic products in the PRC. Further details regarding the Group's principal activities are disclosed in note 40 to these financial statements.

BUSINESS REVIEW

A review of the Group's business during the reporting period is provided in the "Chairman's Statement" on pages 13 to 15 and the "Management Discussion & Analysis" on pages 16 to 24 of this annual report. Description of the risks and uncertainties that the Group may face can be found in the "Management Discussion & Analysis" on pages 22 to 23 in this annual report. The financial risk management of the Group are also set out in the note 39 to the financial statements and the financial highlights of the Group are set out on pages 4 to 5 in this annual report.

TAX RELIEF AND EXEMPTION

During the Fiscal Year 2023, the Directors are not aware of any tax relief or exemption available to the shareholders by reason of their holding of the securities of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the Group during the Fiscal Year 2023.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material non-compliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment. The Group has established detailed internal rules regarding environmental protection and adopted effective measures to achieve efficient use of resources, waste reduction and energy saving.

A comprehensive review of the Group's environmental policy and performance in 2023 is set out in the Environmental, Social and Governance Report.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group actively communicates with stakeholders such as customers, employees, investors and shareholders, suppliers and partners, and attaches great importance to the suggestions and feedback of stakeholders, which the Group regards as an important basis for improving operational management and sustainable development standards. In order to fully listen to the voices of stakeholders, the Group has established a variety of communication channels to ensure open and transparent information and efficient communication processes. We are fully aware that communication with stakeholders is an important and continuous process. In the future, we will continue to improve the communication mechanism, actively respond to the demands of stakeholders, optimize the management and operation standards of the Company, and enhance the sustainable development performance of the Group.

Details of the Company's key relationships with its employees, customers, suppliers and others that have a significant impact on the Group are set out in the Environmental, Social and Governance Report.

EVENT AFTER THE REPORTING PERIOD

1. Continuing connected transactions

Reference is made to the Company's announcement dated 14 December 2023 and circular dated 12 January 2024. Unless otherwise defined, all capitalized terms used herein shall have the same meanings as defined in the above announcement and circular. (1) The Company and Jiesi Shiye entered into the Shiye Comprehensive Products Framework Agreement in relation to (i) the purchase of gold concentrates and compound gold by the Group from the Jiesi Shiye Group; and (ii) the supply of copper and silver by the Group to the Jiesi Shiye Group from time to time for a period commencing from the effective date of the Shiye Comprehensive Products Framework Agreement and ending on 31 December 2026; and (2) The Company and Jiesi Weiye entered into the Weiye Comprehensive Products Framework Agreement in relation to (i) the purchase of gold concentrates and compound gold by the Group from the Jiesi Weiye Group; and (ii) the supply of copper and silver by the Group to the Jiesi Weiye Group from time to time for a period commencing from the effective date of the Weiye Comprehensive Products Framework Agreement and ending on 31 December 2026.

Both Jiesi Shiye and Jiesi Weiye are under the control of Mr. Wang Guanran, the non-executive Director of the Company, therefore a connected person of the Company, the above transactions constitute continuing connected transactions for the Company.

In respect of the entering into the Shiye Comprehensive Products Framework Agreement and the Weiye Comprehensive Products Framework Agreement, the Directors are of the view that the procurement of gold concentrates and compound gold from the Jiesi Shiye Group and the Jiesi Weiye Group can (i) leverage on the professional expertise and industry experience of the Jiesi Shiye Group and the Jiesi Weiye Group in the provision of raw materials for the gold smelting business; and (ii) secure a source of quality gold raw materials for the Group to capture the increasing demand from its customers.

The Company obtained the approval of independent shareholders to proceed with the above Framework Agreements pursuant to the extraordinary general meeting held on 31 January 2024.

2. Placing of new H shares under general mandate

Reference is made to the announcement of the Company dated 21 February 2024. Unless otherwise defined, all capitalized terms used herein shall have the same meanings as defined in the above announcement.

On 21 February 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as the Company's placing agent, to procure, on a best effort basis, no fewer than six Placees, who and whose ultimate beneficial owners (where applicable) will be Independent Third Parties, to subscribe for up to a maximum of 32,538,000 new H Shares ("Placing Shares") under General Mandate at the Placing Price of HKD1.34 per Placing Share.

The placing was completed on 28 February 2024.

Save as disclosed above, there is no significant event subsequent to 31 December 2023.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases of direct materials attributable to the major customers and suppliers respectively during the current financial year is as follows:

	Percentage of the Group's Sales	Percentage of the Group's Purchases of direct materials
The largest customer	84.21%	
Five largest customers in aggregate	96.47%	
The largest supplier		14.70%
Five largest suppliers in aggregate		49.61%

At no time during the year have the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

FINANCIAL STATEMENTS

The financial results of the Group for the year ended 31 December 2023 and the financial position of the Group as at that date are set out in the financial statements on pages 64 to 158 of the annual report.

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of RMB0.065 (2022: Nil) per share (tax inclusive) for the year ended 31 December 2023, subject to shareholders' approval at the forthcoming annual general meeting of the Company. The proposed final dividend, if approved, will be paid on or about 31 July 2024 to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 7 June 2024. The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from 25 May 2024 to 29 May 2024.

No interim dividend was declared and paid during the year (2022: Nil).

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 17 to the financial statements.

RESERVES

Details of the movements in reserves of the Company during the year are set out in note 36(a) to the financial Statements. The Company's reserves available for distribution to shareholders as at 31 December 2023 is RMB781,097,000. (2022: RMB1,010,590,000).

SHARE CAPITAL

As at the date of this report, there was a total of share capital of 1,216,559,255 shares of the Company which includes:

	Number of Shares as at 31 December 2023	Approximate percentage of total share capital as at 31 December 2023	Number of Shares as at the date of this report	Approximate percentage of total share capital as at the date of this report
Domestic shares	566,975,091	47.89%	566,975,091	46.60%
H Shares	617,046,164	52.11%	649,584,164	53.40%
Total	1,184,021,255	100.00%	1,216,559,255	100.00%

Details of the movements in share capital of the Company during the year are set out in note 36(b) to the financial statements.

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into by the Company during the reporting period.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

MANAGEMENT CONTRACTS

The Company has not entered into any contract with any individuals, firms or corporate entities to manage or regulate the whole or any substantial part of any business of the Company.

DIRECTORS AND SUPERVISORS

The Directors and supervisors of the Company for the year ended 31 December 2023 and up to the date of this report are as follows:

Directors

Executive Directors
Mr. Chen Jianzheng *(Chairman)*
Mr. Xing Jiangze *(Vice-Chairman)*
Mr. He Chengqun *(President)*
Mr. Dai Weitao
Mr. Wu Liming

Non-executive Directors
Mr. Zhang Feihu
Mr. Wang Guanran

Independent Non-executive Directors
Mr. Wang Jiheng
Mr. Wang Guanghua
Mr. Xu Rong
Mr. Tan Chong Huat

Supervisors
Mr. Yang Shilei
Mr. Guo Xurang
Mr. Zhao Bingbing
Mr. Liu Haotian

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of Directors, supervisors and senior management of the Company are set out on pages 25 to 29 of the annual report.

HIGHEST PAID INDIVIDUALS

During the year, the relevant information of the five individuals with the highest remuneration in the Group is disclosed in note 13 to the financial statements. All are Directors and supervisors of the Company.

REMUNERATION

The Company has a remuneration committee to formulate compensation policies and determine and manage the compensation of the Company's Directors and senior management with reference to their duties, responsibilities, performance and results of the Group.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and supervisors has entered into a service contract with the Company until the expiry of the term of 7th Session of the Board on 28 May 2024.

Under these deeds, no remuneration is payable to the supervisors.

No Director or supervisor has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION

The Company has arranged for an appropriate insurance cover for Directors' and senior management's liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) when the Directors' report is approved in accordance with section 391(1)(a) of the Companies Ordinance.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY

As at 31 December 2023, the following Directors or chief executives of the Company or his associates had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register to be kept under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

Name and Position	Description of shares	Nature of Interest	Number of Shares held	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total issued H share capital	Approximate percentage of the total share capital
Mr. Wang Guanran	Domestic Shares	Interest of controlled corporation	185,339,000 (L) *(note 2)*	32.69%	–	15.65%
	H Shares	Interest of controlled corporation	319,772,164 (L) *(note 3)*	–	51.82%	27.01%

Notes:

1. "L" represents long position in Shares/underlying Shares and "S" represents short position in Shares.

2. This represents the interests in 185,339,000 Domestic Shares directly held by D&R Asset Management Group Co., Ltd. (達仁投資管理集團股份有限公司) ("D&R Asset Management"). D&R Asset Management is majority-owned as to approximately 56.28% by Shenzhen Jiesi Weiye Holding Co., Ltd. (深圳傑思偉業控股股份有限公司) ("Jiesi Weiye"), which in turn is majority-owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran and two limited liability partnerships whose general partner is Mr. Wang Guanran, respectively. D&R Asset Management is also directly owned as to approximately 5.79% by Mr. Wang Guanran.

3. This represents the interests in 319,772,164 H Shares directly held by D&R Industrial Development (Hong Kong) Limited, an indirect wholly-owned subsidiary of D&R Asset Management.

4. For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of the Company, and are considered as one class of Shares.

Save as disclosed above, as at 31 December 2023, and to the best knowledge of the Directors and chief executives of the Company, no person had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES OF THE COMPANY

As at 31 December 2023, so far as was known to the Directors, the following person, other than the Directors and chief executive of the Company, had an interest in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Description of shares	Nature of Interest	Number of Shares held	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total issued H share capital	Approximate percentage of the total share capital
D&R Asset Management	Domestic Shares	Beneficial owner	185,339,000 (L)	32.69%	–	15.65%
D&R Industrial Development (Hong Kong) Limited *(Note 2)*	H Shares	Beneficial owner	319,772,164 (L)	–	51.82%	27.01%
Jiesi Weiye *(note 3)*	Domestic Shares	Interest of controlled corporation	185,339,000 (L)	32.69%	–	15.65%
	H Shares	Interest of controlled corporation	319,772,164 (L)	–	51.82%	27.01%
Lingbao State-owned Assets Operation Limited Liability Company (靈寶市國有資產經營有限責任公司)	Domestic Shares	Beneficial owner	73,540,620 (L)	12.97%	–	6.21%
Shanghai Zhengxi Investment Management Partnership (Limited Partnership) (上海正禧投資管理合夥企業(有限合夥))	Domestic Shares	Beneficial owner	57,000,000 (L)	10.05%	–	4.81%

Notes:

1. "L" represents long position in Shares/underlying Shares and "S" represents short position in Shares.

2. D&R Industrial Development (Hong Kong) Limited is an indirect wholly-owned subsidiary of D&R Asset Management.

3. The 56.28% equity interest of D&R Asset Management is owned by Jiesi Weiye. Jiesi Weiye in turn is owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran (non-executive director) and two limited liability partnerships whose general partner is Mr. Wang Guanran, respectively.

4. For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of the Company, and are considered as one class of Shares.

Save as disclosed above, according to the provisions of the SFO, as at 31 December 2023, so far as the Directors are aware, there are no other persons, other than the Directors and chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transaction, arrangement or contract of significance in relation to the Company's business to which the Company, its subsidiaries or its jointly controlled entities was a party and in which the Directors or the supervisors of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 December 2023.

Save as disclosed in this annual report, no contract of significance was entered into between the Group and the controlling shareholders or any of its subsidiaries during the Fiscal Year 2023.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from disclosed under the paragraph headed "Directors and chief executive's interest in shares of the Company" above, at no time during the year was the Company, its subsidiaries or its jointly controlled entity, a party to any arrangement to enable the Directors and their respective spouses or children under 18 years of age to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year and up to the date of this report, none of the Directors has any interest in business, which competes or may compete with the business of the Group under the Listing Rules.

ISSUE FOR CASH OF EQUITY SECURITIES

During the year under review and as at the date of this annual report, the Company has conducted/completed the following fund-raising activity(ies) for cash:

Date of announcement/ circular/prospectus	Fund raising activity	Net proceeds raised (approximately)	Intended use of the net proceeds	Actual use of the net proceeds
11 November 2021, 17 January 2022, 8 December 2022, 20 January 2023 and 18 August 2023	Issue and allotment of 319,772,164 new H Shares under specific mandate granted by the shareholders at the extraordinary general meetings of the Company dated 17 January 2022 and 20 January 2023	HKD265.6 million	Approximately HKD139.2 million for the financing of the deep exploration of Henan Lingjin No. 1 Mine	All net proceeds have been fully utilized according to the intended use.
			Approximately HKD41.7 million for the financing of the construction and setting up of cyanide-containing sewage desalination facilities	All net proceeds have been fully utilized according to the intended use.
			Approximately HKD84.7 million as general working capital of the Group	Approximately HKD29.1million has been utilized according to the intended use. The remaining approximately HKD55.6 million will be used according to the intended use and are expected to be fully utilized on or before May 2024.

CONNECTED TRANSACTIONS

The related party transactions during the year as disclosed in note 41 to the financial statements are de minimis transactions that are fully exempted from announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

Save as disclosed above and the Continuing Connected Transaction as described under "Event After The Reporting Period" above, the Group had not entered into any connected transactions which are required to be disclosed in this annual report in compliance with the requirements of Chapter 14A of the Listing Rules during the year ended 31 December 2023. The Directors confirm that they have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2023 are mainly set out in note 31 to the financial statements.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to RMB11,324,000 (2022: RMB6,715,000).

PRE-EMPTIVE RIGHTS

There are no provisions regarding pre-emptive rights under the Articles of Association and related laws of the PRC, which would oblige the Company to issue new shares on pro-rata basis to the existing shareholders of the Company.

POLICY ON INCOME TAX

The Company and its subsidiaries basically paid PRC corporate income tax at a rate of 25% of its assessable profits according to the relevant laws and regulations in the PRC. Details of the Group's income tax information are disclosed in note 11 to the financial statements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 24 May 2024 to Wednesday, 29 May 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents of shares accompanied by the relevant share certificates must be lodged with the Company's H shares registrar, Computershare Hong Kong Investor Services Limited at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) or the registered office address of the Company at Hangu Road and Jingshan Road Intersection, Lingbao, Henan, the PRC (for holders of domestic shares), no later than 4:30 p.m. on Tuesday, 28 May 2024.

In order to determine the H Shareholders who are qualify for the Final Dividend, the register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024 (both days inclusive), during which no transfer of shares of the Company will be registered. To be qualify for the Final Dividend, all transfer documents of shares accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before 4:30 pm on Monday, 3 June 2024. Subject to the approval of the shareholders at the AGM, the Final Dividend will be paid to the H Shareholders whose names appear on the register of members of the Company at close of business on Friday, 7 June 2024.

PUBLIC FLOAT

Based on the publicly available information and the best of knowledge of the Directors, the Company has maintained sufficient public float at the latest practicable date (i.e. 18 April 2024) prior to the issue of this report.

COMPLIANCE OF CODE OF CONDUCT

None of the Directors is aware of any information that would reasonably indicate that the Company did not meet the applicable Code Provision set out in the code on CG Code for any time from 1 January 2023 to 31 December 2023.

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 158 of the annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

AUDITOR

BDO Limited was appointed as the auditor of the Company with effect from 20 December 2023 to fill the casual vacancy following the resignation of KPMG as auditor of the Company. Save for the above, there has been no other changes in the auditor of the Company in the preceding three years.

The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by BDO Limited, who will retire at the forthcoming annual general meeting of the Company and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of BDO Limited as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

By order of the Board

Chen Jianzheng
Chairman

Lingbao, Henan, the PRC
27 March 2024

INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report to the shareholders of
Lingbao Gold Group Company Limited
(Incorporated in People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Lingbao Gold Group Company Limited (the "Company") and its subsidiaries (thereafter referred to as the "Group") set out on pages 64 to 157, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Assessment of the Group's ability to continue as a going concern

At 31 December 2023, the Group had net current liabilities of RMB741,768,000, total bank and other borrowings of RMB2,853,108,000 and capital commitments of RMB376,043,000.

The Group finances its operating and exploration and development activities using a combination of cash on hand, operating cash flows, which are generated mainly from the sales of gold, and borrowings.

Based on the cash flow forecasts of the Group, the directors of the Company (the "Directors") have concluded that the Group has adequate resources to maintain its operation for at least one year from the date of the financial statements, and there are no material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

Our response:

Our procedures to assess whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern included the following:

- walking through the financial budgeting process and assessing the design, implementation and operating effectiveness of management's key internal controls over the assessment of the Group's ability to continue as a going concern;

- comparing the future expected cash flows in management's cash flow forecast with the Group's business plan approved by the Board of Directors;

- evaluating the key assumptions adopted by management in the preparation of the cash flow forecast such as comparing forecast production quantities and future cost projections with historical information for the past two years;

- comparing future expected cash flows with historical data and assessing whether any variations were consistent with our expectations based on our understanding of the Group's business;

KEY AUDIT MATTERS (continued)

Assessment of the Group's ability to continue as a going concern

We identified the assessment of the Group's ability to continue as a going concern as a key audit matter because the Group has recorded net current liabilities since 2015 which has increased the risk that the Group may not be able to continue to operate as a going concern and because the assessment of the Group's ability to continue as a going concern is dependent upon certain management assumptions and judgements, in particular in relation to future revenue from sales of gold and the ability of the Group to renew or obtain new bank facilities upon expiry of the existing bank facilities.

- considering the accuracy and reliability of past cash flow forecasts made by management by comparing them with the current year's results;
- comparing the available bank facilities and arrangements to underlying documentation and assessing the impact of any covenants and other restrictive terms attached thereto;
- assessing the Group's ability to renew or refinance existing banking and other financing facilities upon maturity by performing a retrospective review of past renewal or roll-over history of banking and other financing facilities in prior year and inspecting loan agreements or underlying documentation for bank loans and other financing facilities borrowed and repaid; and
- assessing the sensitivities of the key assumptions adopted by management in the going concern assessment and considering whether management had incorporated any bias in the selection of such assumptions.

KEY AUDIT MATTERS (continued)

Potential impairment of exploration and evaluation ("E&E") assets

The carrying value of E&E assets of the Group was RMB387,690,000 as at 31 December 2023.

Annually, management assesses whether there are any indicators of impairment of the Group's E&E assets. Such indicators may include:

- expiry or relinquishment of exploration and evaluation licenses;
- no expenditure for further exploration and evaluation in the specific area is planned or budgeted for;
- exploration and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and management has decided to discontinue activities in the area; and
- data exists to suggest that the carrying amount of the E&E assets is unlikely to be recovered in full from successful development of the resource or by sale of the related assets.

Where indicators of impairment are identified, the recoverable amounts of E&E assets are determined by management as the greater of the value in use and the fair value less cost of disposal of these E&E assets. Where projects are under development or in operation but the carrying value may not be fully recoverable, discounted cash flow forecasts were prepared by the management.

Our response:

Our procedures to assess potential impairment of E&E assets included the following:

- establishing that the Group had the right to explore and had the relevant exploration licenses by inspecting underlying documentation including license agreements or correspondence with relevant government agencies;
- assessing the Group's intention to carry out exploration and evaluation activities in the relevant exploration area by inspecting the budgets and discussing the latest status and budgets in respect of each exploration license with senior management and the executive directors;
- considering whether the Group has the ability to finance its planned future exploration and evaluation activities by comparing budgets with the available financing facilities;
- identifying any fields where the Group's right to explore is either at or close to expiry and assessing the appropriateness of retaining the associated E&E costs as assets;
- where mineral reserve information was available, assessing the commercial viability of the related E&E assets by comparing the mineral reserve information for the relevant area and the market price of the mineral products (primarily gold) with management's expectations as determined in their latest forecasts;

KEY AUDIT MATTERS (continued)

Potential impairment of exploration and evaluation ("E&E") assets

We focused on this area and identified it as the key audit matter because the review of impairment indicators requires management to exercise judgement and because the impairment assessments prepared by management are complex and contain certain judgements and assumptions, particularly in respect of future product prices, the long-term growth rates and the discount rates applied, which are inherently uncertain and could be subject to management bias.

- where indicators of impairment were identified, we assessed whether management had made provisions for impairment for the projects that were not expected to proceed or had prepared discounted cash flow forecasts where the projects are under development or in operation but the carrying value may not be fully recoverable;

- where discounted cash flow forecasts were prepared by management, our procedures to assess the potential impairment of E&E assets included the following;

  - comparing data in the discounted cash flow forecasts to relevant data, including future revenue, future cost of sales and other operating expenses, with the budgets which were approved by the Board of Directors;

  - with the assistance of our valuation specialists, assessing whether the discount rates applied in the discounted cash flow forecasts were within the range adopted by other companies in the same industry;

  - comparing the long-term growth rates adopted in the discounted cash flow forecasts with those of comparable companies and external market data;

  - comparing the future price of products as adopted in the discounted cash flow forecasts with the market prices for the relevant commodity futures contracts; and

  - obtaining from management sensitivity analyses of the key assumptions, including future gold prices, future production quantities and discount rates, adopted in the discounted cash flow forecasts and assessing the impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there were any indicators of management bias.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 20 March 2023.

OTHER INFORMATION IN THE ANNUAL REPORT

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the Directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Pak Tak Lun
Practising Certificate number: P06170

Hong Kong, 27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	**2023 RMB'000**	2022 RMB'000
Revenue	6	**10,533,681**	10,126,458
Cost of sales		**(9,563,780)**	(9,341,357)
Gross profit		**969,901**	785,101
Other revenue	7	**48,292**	45,697
Other net loss	8	**(63,131)**	(48,561)
Selling and distribution expenses		**(9,337)**	(8,701)
Administrative expenses and other net operating expenses		**(364,076)**	(331,719)
Profit from operations		**581,649**	441,817
Finance costs	10(a)	**(160,795)**	(132,894)
Share of loss of an associate		**(2,619)**	(2,415)
Profit before taxation		**418,235**	306,508
Income tax	11	**(124,208)**	(76,238)
Profit for the year		**294,027**	230,270
Attributable to:			
Owners of the Company		**318,082**	240,222
Non-controlling interest		**(24,055)**	(9,952)
Profit for the year		**294,027**	230,270
Basic and diluted earnings per share (RMB cents)	16	**32.35**	27.80

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
Profit for the year	**294,027**	230,270
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(11,466)**	(79,884)
Total comprehensive income for the year	**282,561**	150,386
Attributable to:		
Equity shareholders of the Company	**307,589**	175,362
Non-controlling interests	**(25,028)**	(24,976)
Total comprehensive income for the year	**282,561**	150,386

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
Non-current assets			
Property, plant and equipment	17	**2,031,326**	1,814,683
Construction in progress	18	**351,296**	304,205
Intangible assets	19	**973,689**	1,028,386
Goodwill	20	**4,717**	4,717
Right-of-use assets	21	**171,301**	135,777
Interests in associates	24	**—**	26,206
Financial assets at fair value through profit or loss	23	**5,398**	4,520
Non-current prepayments	25	**15,196**	25,665
Deferred tax assets	26(b)	**318,673**	300,139
		3,871,596	3,644,298
Current assets			
Inventories	27	**1,590,875**	1,280,758
Trade receivables, other receivables and prepayments	28	**413,884**	379,937
Financial assets at fair value through profit or loss	23	**3,191**	—
Pledged deposits	29	**699,880**	1,425,900
Cash and cash equivalents	30	**256,724**	173,010
		2,964,554	3,259,605
Current liabilities			
Bank and other borrowings	31	**2,725,108**	3,571,749
Trade and other payables	32	**880,158**	825,685
Contract liabilities	33	**3,430**	5,439
Lease liabilities	34	**5,205**	12,119
Financial liabilities at fair value through profit or loss	32	**53,213**	13,054
Current tax payable	26(a)	**39,208**	70,275
		3,706,322	4,498,321
Net current liabilities		**(741,768)**	(1,238,716)
Total assets less current liabilities		**3,129,828**	2,405,582

	Notes	2023 RMB'000	2022 RMB'000
Non-current liabilities			
Bank and other borrowings	31	**128,000**	100,000
Other payables	32	**537,514**	384,122
Lease liabilities	34	**14,915**	17,382
Deferred tax liabilities	26(b)	**12,845**	5,496
		693,274	507,000
NET ASSETS		**2,436,554**	1,898,582
Capital and reserves			
Share capital	36(b)	**236,804**	172,850
Reserves		**2,425,347**	1,931,543
Total equity attributable to equity shareholders of the Company		**2,662,151**	2,104,393
Non-controlling interests		**(225,597)**	(205,811)
TOTAL EQUITY		**2,436,554**	1,898,582

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2024 and are signed on its behalf by:

Chen Jianzheng
Executive director and Chairman

Wu Liming
Executive director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity shareholders of the Company								
	Share capital RMB'000 *(note 36(b))*	Share premium RMB'000 *(note 36(a)(i))*	PRC Statutory reserves RMB'000 *(note 36(c))*	Exchange reserve RMB'000 *(note 36(a)(iii))*	Other reserve RMB'000 *(note 36(a)(iv))*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022	172,850	891,926	171,824	18,332	(858)	674,957	1,929,031	(180,835)	1,748,196
Changes in equity for 2022:									
Profit/(loss) for the year	–	–	–	–	–	240,222	240,222	(9,952)	230,270
Other comprehensive income	–	–	–	(64,860)	–	–	(64,860)	(15,024)	(79,884)
Total comprehensive income for the year	–	–	–	(64,860)	–	240,222	175,362	(24,976)	150,386
Profit appropriation	–	–	4,774	–	–	(4,774)	–	–	–
Appropriation of safety production funds	–	–	85,028	–	–	–	85,028	–	85,028
Utilisation of safety production funds	–	–	(85,028)	–	–	–	(85,028)	–	(85,028)
Balance at 31 December 2022	172,850	891,926	176,598	(46,528)	(858)	910,405	2,104,393	(205,811)	1,898,582
Balance at 1 January 2023	**172,850**	**891,926**	**176,598**	**(46,528)**	**(858)**	**910,405**	**2,104,393**	**(205,811)**	**1,898,582**
Changes in equity for 2023:									
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**318,082**	**318,082**	**(24,055)**	**294,027**
Other comprehensive income	**–**	**–**	**–**	**(10,493)**	**–**	**–**	**(10,493)**	**(973)**	**(11,466)**
Total comprehensive income for the year	**–**	**–**	**–**	**(10,493)**	**–**	**318,082**	**307,589**	**(25,028)**	**282,561**
Capital injection *(note 36(b))*	**63,954**	**186,215**	**–**	**–**	**–**	**–**	**250,169**	**–**	**250,169**
Profit appropriation	**–**	**–**	**2,975**	**–**	**–**	**(2,975)**	**–**	**–**	**–**
Acquisition of a subsidiary *(note 38)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,242**	**5,242**
Appropriation of safety production funds	**–**	**–**	**66,281**	**–**	**–**	**–**	**66,281**	**–**	**66,281**
Utilisation of safety production funds	**–**	**–**	**(66,281)**	**–**	**–**	**–**	**(66,281)**	**–**	**(66,281)**
Balance at 31 December 2023	**236,804**	**1,078,141**	**179,573**	**(57,021)**	**(858)**	**1,225,512**	**2,662,151**	**(225,597)**	**2,436,554**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Operating activities			
Profit before taxation		**418,235**	306,508
Adjustments for:			
— Interest income	7	**(27,425)**	(29,712)
— Net realised and unrealised loss on other financial instruments at fair value through profit or loss	8	**5,314**	3,207
— Share of loss of an associate		**2,619**	2,415
— Net (gains)/losses on disposal of property, plant and equipment and intangible assets	8	**(1,194)**	14,264
— Expenditure on government claims of a subsidiary	8	**—**	24,475
— Provision for litigation claims	8	**14,544**	—
— Depreciation of property, plant and equipment and right-of-use assets		**201,303**	229,135
— Amortisation of intangible assets	10(b)	**74,612**	70,173
— Finance costs	10(a)	**160,795**	132,894
— Provision of impairment losses on:			
— property, plant and equipment	10(b)	**—**	48,160
— intangible assets	10(b)	**40,047**	21,215
— right-of-use assets	10(b)	**—**	17,520
— purchase deposits	10(b)	**—**	9,106
— other receivables and prepayment	10(b)	**869**	7,534
— other non-current assets	10(b)	**—**	8,000
— prepayments	10(b)	**—**	808
— Write-down/(reversal of write-down) of inventories	27(b)	**106,344**	(5,796)
— Foreign exchange differences		**(14,862)**	(1,090)
Operating profit before changes in working capital		**981,201**	858,814
(Increase)/decrease in inventories		**(416,263)**	266,322
(Increase)/decrease in pledged deposits		**(24,980)**	14,321
Increase in trade and other receivables, deposits and prepayments		**(8,426)**	(240,634)
Increase/(decrease) in trade and other payables		**101,960**	(285,358)
Cash generated from operations		**633,492**	613,465
PRC income tax paid		**(166,460)**	(59,166)
Net cash generated from operating activities		**467,032**	554,299

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Investing activities			
Interest received		**27,425**	34,130
(Payment for purchase)/proceeds from settlement of financial assets at fair value through profit or loss		**(3,187)**	9,039
Payment for purchase of property, plant and equipment		**(77,907)**	(152,381)
Proceeds from disposal of property, plant and equipment		**3,557**	11,835
Payment for construction in progress		**(309,878)**	(249,065)
Payment for purchase of intangible assets		**(57,141)**	(60,389)
Net cash out flows from acquisition of a subsidiary	38	**(19,856)**	—
Net cash used in investing activities		**(436,987)**	(406,831)
Financing activities			
Proceeds from bank and other borrowings	30(b)	**4,078,456**	4,176,159
Repayment of bank and other borrowings	30(b)	**(4,897,262)**	(4,069,236)
Proceeds from entering financial liabilities instruments at fair value through profit or loss	30(b)	**43,767**	—
Payment for settlement of financial liabilities at fair value through profit or loss	30(b)	**(9,804)**	—
Proceeds from loans from shareholders		**—**	30,000
Repayment of a loan from shareholders		**—**	(70,000)
Interest paid for bank and other borrowings	30(b)	**(140,152)**	(100,795)
Interest paid for guarantees from shareholders		**—**	(6,730)
Pledged deposits collected/(placed)	30(b)	**751,000**	(76,860)
Capital element of lease liabilities paid	30(b)	**(21,816)**	(14,719)
Interest element of lease liabilities paid	30(b)	**(1,307)**	(3,483)
Net proceeds from issuance of H shares		**250,169**	—
Net cash used in financing activities		**53,051**	(135,664)
Net increase in cash and cash equivalents		**83,096**	11,804
Cash and cash equivalents at 1 January		**173,010**	160,145
Effect of foreign exchange rate changes		**618**	1,061
Cash and cash equivalents at 31 December		**256,724**	173,010

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. ORGANISATION AND OPERATIONS

Lingbao Gold Group Company Limited (the "Company") was incorporated in People's Republic of China as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has its principal place of business at Room 1104, 11/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

The Company is principally engaged in investment holdings and mining, processing, smelting and sales of gold products in the PRC. The principal activities of the Company's principal subsidiaries are set out in note 22.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or amended HKFRSs — effective on 1 January 2023

The Hong Kong Institute of Certified Public Accountant ("HKICPA") has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Company and its subsidiaries (collectively the "Group").

Amendments to HKAS 8	Accounting policies, changes in accounting estimates and errors
Amendments to HKAS 1 and HKFRS Practice Statement 2	Presentation of financial statements and Making materiality judgements
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International tax reform — Pillar Two model rules
HKFSR 17	Insurance Contracts

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Except for the below, these amendments to HKFRS standards had no material impact on the Group's consolidated financial statements:

Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The group has revisited the accounting policy information it has been disclosing and removing or reducing the immaterial accounting policies, rearranging the location of policy note disclosures such that immaterial policy information does not obscure the material information.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New HKICPA guidance on the accounting implications of the abolition of the mandatory provident fund ("MPF") — long service payment ("LSP") offsetting mechanism

In June 2022 the Hong Kong SAR Government (the "Government") gazette the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to MPF scheme to reduce the LSP in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The abolition of the offsetting mechanism did not have a material impact on these financial statements as the Group did not have any employees subject to above retirement schemes in Hong Kong.

(c) New or amended HKFRSs that have been issued but are not yet effective and not early adopted

The following new or amended HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption.

The amendments are not expected to have any significant impact on the Group's financial statements.

3. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Basis of measurement and basis for the preparation of the consolidated financial statements on a going concern basis

These consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values.

Materiality uncertainty related to going concern

As at 31 December 2023, the Group had net current liabilities of RMB741,768,000 and capital commitment of RMB376,043,000. Included in the current liabilities were bank and other borrowings of RMB2,725,108,000 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, it may be more challenging for the Group to refinance bank and other borrowings in the coming years.

For the year ended 31 December 2023, the Group's net cash generated from operating activities was RMB450,009,000 and the Group only had cash and cash equivalents and pledged deposits amounting to RMB256,724,000 and RMB699,880,000, respectively, as at 31 December 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 realise its assets and discharge its liabilities in the normal course of business.

3. BASIS OF PREPARATION (continued)

Materiality uncertainty related to going concern (continued)

In view of these circumstances, the Directors of the Company (the "Directors") 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 31 December 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 Industrial Development (Hong Kong) Limited ("D&R Industrial") has completed its subscription for 319,772,164 H shares as disclosed in note 36(b). The net proceeds from this allotment were approximately RMB250.2 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 31 December 2023; and

(iii) As at 31 December 2023, the Group had uncommitted unutilised banking facilities related to unsecured bank borrowings, of RMB291,000,000. 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 consolidated financial statements for the year ended 31 December 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 consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

4. MATERIAL ACCOUNTING POLICIES

Business combination

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case costs are deducted from equity.

Business combination

Subsequent to acquisition, the carrying amount of non-controlling interest that represents present ownership interest in the subsidiary is the amount of that interest at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

4. MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

When proved and probable gold reserves have been determined, costs incurred to develop gold mines are capitalised as part of the cost of mining structures. All other expenditures, including the cost of repairs and maintenance and major overhaul, are expensed as they are incurred. Mining exploration costs, such as expenditures related to locating gold reserves and determining the economic feasibility and the costs of removing waste materials or "stripping costs" are expensed as incurred.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment other than mining shafts, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	5 to 35 years
Machineries	4 to 30 years
Transportation equipment	4 to 8 years
Office and electronic equipment	4 to 12 years

Included in property, plant and equipment are mining shafts located at the mining sites. Depreciation is provided to write off the cost of mining shafts using the units of production method based on the proved and probable mineral reserves.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use, notwithstanding any delays in the issue of the relevant commissioning certificate by the relevant authorities in the People's Republic of China (the "PRC").

No depreciation is provided in respect of the construction in progress.

4. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- Construction in progress;
- right-of-use assets;
- intangible assets (including goodwill); and
- investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value-in-use.

In assessing value-in-use, the estimated future cash flows expected to be derived from the CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets

(i) Goodwill

For goodwill arising on an acquisition in a financial year, the CGU to which allocated goodwill is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit on a pro-rata basis on the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value-in-use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent period.

(ii) Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses. The mining rights are amortised to profit or loss using the units of production method based on the proved and probable mineral reserves.

The Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

(iii) Exploration rights

Exploration rights are stated at cost less accumulated amortisation and impairment losses. The exploration rights are transferred to exploration and evaluation assets on a straight-line basis over the estimated useful lives of one to three years.

(iv) Exploration and evaluation assets and mining development assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets include exploration and development costs.

When it can be reasonably ascertained that a mining structure is capable of commercial production, exploration and development costs capitalised are transferred to mining development assets and amortised to profit or loss using the units of production method based on the proved and probable mineral reserves. If any project is abandoned during the exploration and evaluation stage, the related exploration and evaluation assets are written off to profit or loss.

4. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL") (as defined below), transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through profit or loss ("FVTPL"): Financial assets measured at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

(ii) Impairment loss on financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including loans to associates and joint ventures, which are held for the collection of contractual cash flows which represent solely payments of principal and interest).

The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(ii) Impairment loss on financial assets (continued)

Other financial assets measured at fair value, including debt securities measured at FVTPL and derivative financial assets, are not subject to the ECL assessment.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

4. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(ii) Impairment loss on financial assets (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for financial assets measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account.

Interest income recognised in accordance with note 4 — revenue recognition (iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

4. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(ii) Impairment loss on financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

4. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(iii) Financial liabilities (continued)

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognised gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost, including trade payables, other payables and accruals, borrowings and lease liabilities, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are recognised as well as through the amortisation process.

Interest-bearing borrowings are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs.

Leases

The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognised a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to recognised the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

4. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

The right-of-use asset is recognised when a lease is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. The useful lives are as follows:

Buildings	5 years
Land-use right	7–50 years

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption, then the Group classifies the sub-lease as an operating lease.

Revenue recognition

The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

4. MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(i) Sales of goods

Revenue from the sales of goods is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery of the goods.

(ii) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Government grants that compensate the Group for the cost of an asset are recognised as deferred income and consequently are recognised in profit or loss on a systematic basis over the useful life of the asset.

4. MATERIAL ACCOUNTING POLICIES (continued)

Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mining property. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised as part of the related property, plant and equipment at the start of each project, as soon as the obligation to incur such costs arises.

These costs are recognised in profit or loss over the life of the operation, through depreciation of the asset. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

Depreciation and amortisation of mining related assets and reserves estimates

As explained in note 4, mining shafts, mining rights and mining development assets are depreciated and amortised using the units of production method based on the proved and probable mineral reserves.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Estimates and judgements (continued)

Depreciation and amortisation of mining related assets and reserves estimates (continued)

Engineering estimates of the Group's gold reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There is a national standard set by the PRC Government regarding the engineering criteria that have to be met before estimated gold reserves can be designated as "proved and probable". Proved and probable gold reserve estimates are updated at regular basis and have taken into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable gold reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation and amortisation expenses and impairment losses. Depreciation rates are determined based on estimated proved and probable gold reserve quantity (the denominator) and capitalised costs of mining shafts and mining rights (the numerator). The capitalised cost of mining shafts and mining rights are amortised based on the units of gold produced.

Depreciation and amortisation of other assets

Other than the mining shafts, mining rights and mining development assets, property, plant and equipment and other intangible assets are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expense for future periods is adjusted if there are significant changes from previous estimation.

Net realisable value of inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. In estimating the net realisable value, future cashflows need to be determined. One of the key estimates that has to be made is about the future selling price, it is possible that the recent selling price is not indicative of the future selling price. Any increase or decrease in selling price would affect profit or loss in future years.

Impairment of non-financial assets (including goodwill)

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing:

(i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence;

(ii) whether the carrying value of an asset or a CGU can be supported by the recoverable amount of the CGU, which is the higher of fair value less costs of disposal and value-in- use of the CGU. The value-in-use calculation is based on the net present value of future cash flows which are estimated based upon the continued use of the asset or CGU, or derecognition; and

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Estimates and judgements (continued)

Impairment of non-financial assets (including goodwill) (continued)

(iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Deferred tax

Deferred tax assets carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and requires significant level of judgement exercised by the Directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years. Further details are set out in note 26(b).

Provision for ECLs on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the sectors in which the Group operates the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances. The Group's historical credit loss experience may also not be representative of customer's actual default in the future.

Impairment of other financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 39(a).

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Estimates and judgements (continued)

Fair value measurements

A number of assets and liabilities included in the Group's consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period as they occur.

Environmental rehabilitation

The liabilities arisen from obligation for environmental rehabilitation are measured based on estimation over the decommissioning of plant or other site preparation work, and subsequent site damage during production. Provision for decommissioning costs has been determined by the Directors based on current regulatory requirements and their best estimates. The management of the Group estimate this liability for final reclamation and mine closure is based on detailed calculation of the amounts and timing of future cash flows that required to perform the required work. The provision reflects the present value of the expenditures expected to be required to settle the obligation. However, as the impact on the land and environment resulting from mining activities will become apparent only in future periods, the estimate of the associated costs may be subject to change in the future. The provision is reviewed regularly to properly reflect the present value of the obligation arising from the current and past mining activities.

6. REVENUE

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

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

(i) Disaggregation of Revenue

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

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customer within the scope of HKFRS 15:		
Disaggregated by major products lines		
— Sales of gold	**10,185,652**	9,614,599
— Sales of other metals	**315,379**	300,265
— Sales of jewellery	**6,345**	18,513
— Others	**107,223**	251,487
Less: Sales taxes and levies	**(80,918)**	(58,406)
	10,533,681	10,126,458

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

In 2023, revenue from sales of gold bullion to Shanghai Gold Exchange has exceeded 10% of the Group's revenues, amounting to RMB8,981,620,000 (2022: RMB9,565,030,000). The Shanghai Gold Exchange certified the Group as a standard gold bullion production enterprise and the Group has Shanghai Gold Exchange trading rights (note 19). The gold bullion was traded on or through Shanghai Gold Exchange, thus the Group is uncertain of the counterparty identity. The details of credit risk arising from trade on or through Shanghai Gold Exchange are set out in note 39(a).

Further details regarding the Group's principal activities are disclosed in note 40 to these financial statements.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for other metals such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of other metals that had an original expected duration of one year or less.

7. OTHER REVENUE

	2023 RMB'000	2022 RMB'000
Interest income on financial assets measured at amortised cost	**27,425**	29,712
Government grants *(Note)*	**19,777**	7,662
Scrap sales	**—**	4,740
Sundry income	**1,090**	3,583
	48,292	45,697

Note: There are no unfulfilled conditions or other contingencies attaching to these grants, all government subsidies have been received during the year. The Group did not benefit directly from any other forms of government assistance.

8. OTHER NET LOSS

	2023 RMB'000	2022 RMB'000
Net realised and unrealised loss on other financial instruments at FVTPL	**5,314**	3,207
Net (gains)/losses on disposal of property, plant and equipment intangible assets	**(1,194)**	14,264
Net foreign exchange gain	**(3,124)**	(84,087)
Impairment losses of:		
— property, plant and equipment *(note 17)*	**—**	48,160
— intangible assets *(note 19)*	**40,047**	21,215
— right-of-use assets *(note 21)*	**—**	17,520
Expenditure on government claims of a subsidiary	**—**	24,475
Provision for legal claims	**14,544**	—
Others	**7,544**	3,807
	63,131	48,561

9. STAFF COSTS

	2023 RMB'000	2022 RMB'000
Salaries, wages and other benefits	**364,309**	339,468
Contributions to defined contribution retirement plan	**43,933**	39,552
	408,242	379,020
Less: Staff costs capitalised into construction in progress	**(21,188)**	(4,877)
	387,054	374,143

Pursuant to the relevant labor rules and regulations in the PRC, the Group participates in defined contribution retirement benefit schemes (the "Schemes") organised by the relevant local government authorities whereby the Group is required to make contributions to the Schemes at the rate of 16% (2022: 16%) of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees in the PRC.

The Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

10. PROFIT BEFORE TAXATION

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

	2023 RMB'000	2022 RMB'000
(a) Finance costs		
Interest expenses on bank loans *(note 30(b))*	**50,998**	38,233
Interest expenses on lease liabilities *(note 30(b))*	**1,450**	2,145
Other borrowing costs *(note 30(b))*	**108,347**	92,516
	160,795	132,894

10. PROFIT BEFORE TAXATION (continued)

	2023 RMB'000	2022 RMB'000
(b) Other items:		
Depreciation of right-of-use assets# *(note 21)*	**13,060**	16,540
Amortisation of intangible assets# *(note 19)*	**74,612**	70,173
Depreciation of property, plant and equipment# *(note 17)*	**188,243**	212,923
Less: Depreciation capitalised construction in progress	**–**	(328)
	188,243	212,595
Provision of impairment losses on:		
— property, plant and equipment *(note 17)*	**–**	48,160
— intangible assets *(note 19)*	**40,047**	21,215
— right-of-use assets *(note 21)*	**–**	17,520
— purchase deposits *(note 28(c))*	**–**	9,106
— other receivables *(note 28(b))*	**869**	7,534
— other non-current assets	**–**	8,000
— prepayments	**–**	808
Auditor's remuneration		
— audit services	**2,500**	3,700
— non-audit services	**700**	1,800
— reimbursement of expenses	**40**	59
	3,240	5,559
Research and development expenses	**10,302**	13,185
Environmental rehabilitation fees	**13,198**	8,957
Cost of inventories# *(note 27(b))*	**9,563,780**	9,341,357

Cost of inventories includes RMB411,960,000 (2022: RMB489,602,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately in note 9, note 17 and note 19, respectively. During the year, the cost of inventories also includes written down of certain inventories amounting to RMB106,344,000.

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation (credited)/charged to the consolidated statement of profit or loss represents:

	2023 RMB'000	2022 RMB'000
Current taxation — PRC income tax		
— provision for the year	**142,176**	57,288
— over-provision in respect of prior years	**(6,783)**	(2,518)
	135,393	54,770
Deferred tax		
Origination and reversal of temporary differences	**(11,185)**	21,468
	124,208	76,238

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2023 RMB'000	2022 RMB'000
Profit before taxation	**418,235**	306,508
Notional tax on profit before taxation calculated at the rates applicable to the jurisdictions concerned	**131,019**	78,873
Effect of tax concessions	**(5,109)**	(4,599)
Effect of non-deductible expenses	**14,670**	7,042
Effect of non-taxable income	**(21,726)**	(105)
Utilisation of temporary differences not recognised in previous years	**(9,119)**	(40,087)
Tax losses and temporary differences not recognised	**20,182**	37,632
Over-provision in respect of prior years	**(5,709)**	(2,518)
Actual tax expense	**124,208**	76,238

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: (continued)

(i) 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 and renewed in December 2023 with additional 3-year validity period will expire in December 2026 and subject to next renewal review. Huatai was entitled to a preferential income tax rate of 15% since 1 January 2021.

(ii) 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 did not earn any income which is subject to Hong Kong Profits Tax.

(iii) Kyrgyzstan corporate income tax rate ("KR CIT") in 2023 is 0% (2022: 0%).

(iv) 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. Such revenue-based tax is recognised in "sales taxes and levies".

Considering the uncertainty of the future available taxable profits against which certain tax benefits can be utilised in the relevant tax jurisdiction and entity, the Group has not recognised deferred tax assets of RMB54,614,000 (2022: RMB37,623,000) in respect of unused tax losses of RMB157,192,000 (2022: RMB52,788,000) and temporary differences of RMB61,264,000 (2022: RMB97,740,000) for the year ended 31 December 2023.

12. DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2023

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit schemes RMB'000	Bonus RMB'000	Total RMB'000
Executive directors					
Mr. Chen Jianzheng	–	692	33	553	1,278
Mr. He Chengqun	–	658	33	592	1,283
Mr. Xing Jiangze	–	657	33	405	1,095
Mr. Dai Weitao	–	357	33	407	797
Mr. Wu Liming	–	711	33	596	1,340
Non-executive directors					
Mr. Wang Guanran	100	–	–	–	100
Mr. Zhang Feihu *(note)*	–	–	–	–	–
Independent non-executive directors					
Mr. Wang Jiheng	100	–	–	–	100
Mr. Wang Guanghua	100	–	–	–	100
Mr. Xu Rong	100	–	–	–	100
Mr. Tan Chong Huat	100	–	–	–	100
Supervisors					
Mr. Liu Haotian *(note)*	–	–	–	–	–
Mr. Guo Xurang	–	36	–	–	36
Mr. Zhao Bingbing	–	36	–	–	36
Mr. Yang Shilei	–	323	33	68	424
Total	500	3,470	198	2,621	6,789

Note: Mr. Zhang Feihu and Mr. Liu Haotian held dual role as the civil servants in the PRC government, and waived any emoluments from the Group.

Save as disclosed above, no directors, supervisors or chief executive of the Company has waived or agreed to waive any emoluments during the year ended 31 December 2023. No emoluments were paid to directors, supervisors or chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2023.

12. DIRECTORS' REMUNERATION (continued)

Year ended 31 December 2022

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit schemes RMB'000	Bonus RMB'000	Total RMB'000
Executive directors					
Mr. Chen Jianzheng (re-designated from supervisors in October 2022)	–	173	6	–	179
Mr. Zeng Xiangxin (resigned in October 2022)	–	759	29	293	1,081
Mr. He Chengqun	–	824	32	280	1,136
Mr. Xing Jiangze	–	821	32	275	1,128
Mr. Dai Weitao	–	781	32	268	1,081
Mr. Wu Liming	–	779	32	265	1,076
Non-executive directors					
Mr. Wang Guanran	100	–	–	–	100
Mr. Zhang Feihu	–	–	–	–	–
Independent non-executive directors					
Mr. Wang Jiheng	100	–	–	–	100
Mr. Wang Guanghua	100	–	–	–	100
Mr. Xu Rong	100	–	–	–	100
Mr. Tan Chong Huat	100	–	–	–	100
Supervisors					
Mr. Liu Haotian	–	–	–	–	–
Mr. Guo Xurang	–	36	–	–	36
Mr. Zhao Bingbing	–	36	–	–	36
Mr. Yang Shilei	–	36	32	–	68
Mr. Chen Jianzheng (re-designated to executive directors in October 2022)	–	657	26	259	942
Total	500	4,902	221	1,640	7,263

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, five (2022: five) are directors and supervisors of the Company whose emoluments are disclosed in note 12.

14. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

The proposed final dividend for the year of RMB0.065 per share, amounted to approximately RMB79,076,000, which is approved by the Board of Directors of the Company at the date of approval of these consolidated financial statements and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting, has not been reflected as dividend payable as at 31 December 2023. (2022: Nil).

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

No dividend attribute to the previous financial year was approved or paid in 2023 (2022: Nil).

15. OTHER COMPREHENSIVE INCOME

The component of other comprehensive income does not have any significant tax effect for each of the years ended 31 December 2023 and 2022.

16. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the earnings attributable to equity shareholders of the Company of RMB318,082,000 (2022: RMB240,222,000) and weighted average number of shares of 983,397,076 (2022: 864,249,091) in issue during the year ended 31 December 2023.

	2023	2022
Profit for the year and earnings used in basic earnings per share (RMB'000)	**318,082**	240,222
Weighted average number of shares used in basic earnings per share	**983,397,075**	864,249,091
Earnings per share (RMB Cents)	**32.35**	27.80

(b) Diluted earnings per share

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

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Mining shafts RMB'000	Machinery RMB'000	Transportation equipment RMB'000	Office and electronic equipment RMB'000	Total RMB'000
Cost:						
At 1 January 2022	1,332,891	1,738,582	1,015,860	84,228	86,921	4,258,482
Exchange adjustments	31,671	22,257	14,317	3,065	139	71,449
Additions	6,667	2,621	4,163	1,873	3,792	19,116
Transfer from construction in progress *(note 18)*	78,284	92,074	126,993	2,032	6,745	306,128
Disposals	(31,022)	(5,867)	(91,896)	(4,948)	(16,907)	(150,640)
At 31 December 2022	1,418,491	1,849,667	1,069,437	86,250	80,690	4,504,535
Depreciation and impairment:						
At 1 January 2022	635,123	980,377	754,952	60,428	72,903	2,503,783
Exchange adjustments	21,509	19,579	11,266	2,727	56	55,137
Charge for the year	50,770	96,290	54,327	4,837	6,699	212,923
Impairment loss	–	48,160	–	–	–	48,160
Written back on disposals	(23,729)	(4,949)	(81,572)	(3,602)	(16,299)	(130,151)
At 31 December 2022	683,673	1,139,457	738,973	64,390	63,359	2,689,852
Net book value:						
At 31 December 2022	734,818	710,210	330,464	21,860	17,331	1,814,683

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Mining shafts RMB'000	Machinery RMB'000	Transportation equipment RMB'000	Office and electronic equipment RMB'000	Total RMB'000
Cost:						
At 1 January 2023	1,418,491	1,849,667	1,069,437	86,250	80,690	4,504,535
Exchange adjustments	16,253	9,161	4,152	(5,793)	195	23,968
Additions	18,622	22,456	22,285	6,001	8,543	77,907
Additions from acquisition of subsidiaries *(note 38)*	22,650	–	27,997	1,029	173	51,849
Transfer from construction in progress *(note 18)*	64,796	94,468	112,181	2,634	3,058	277,137
Disposals	(1,032)	–	(7,227)	(4,478)	(2,275)	(15,012)
At 31 December 2023	1,539,780	1,975,752	1,228,825	85,643	90,384	4,920,384
Depreciation and impairment:						
At 1 January 2023	683,673	1,139,457	738,973	64,390	63,359	2,689,852
Exchange adjustments	16,899	5,970	6,806	(6,121)	58	23,612
Charge for the year	49,019	65,984	48,312	4,554	20,374	188,243
Written back on disposals	(618)	–	(5,960)	(3,926)	(2,145)	(12,649)
At 31 December 2023	748,973	1,211,411	788,131	58,897	81,646	2,889,058
Net book value:						
At 31 December 2023	790,807	764,341	440,694	26,746	8,738	2,031,326

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Note:

During the year ended 31 December 2023, the Group identified impairment indicators of its property, plant and equipment, in respect of two CGUs, Chifeng Jinchan Mining Company Limited ("Jinchan"), which is under the mining — PRC reportable segment, and Full Gold Mining Limited Liability Company ("Full Gold"), which is under the mining — KR reportable segment. Owing to the under-performance of production and operation of Jinchan,and Full Gold, and performed an impairment assessment of the related assets based on their estimated recoverable amounts.

The recoverable amounts of this CGUs are estimated using the present value of future cash flows based on the financial budgets approved by management covering a ten-year period, the forecast period of ten years was adopted because the Group has explored a detailed mining plan for ten years, which is consistent with the length of mining rights granted/renewed to the Group. Pre-tax discount rates ranged from 20% to 22.4%. Future cash flows during the forecast period for the CGUs are based on several key assumptions, including the expected gross margin, expected production volume and future gold price. The forecasted gross margin ranged from 31% to 51% and production volume are based on past business performance. The future gold price is consistent with the market participants' expectations for market development.

As a result of the assessment, no impairment provision was made for the year ended 31 December 2023 as the recoverable amounts of Jinchan and Full Gold were higher than their carrying amounts. (2022: an impairment loss of RMB48,160,000 was recognised on the property, plant and equipment to reduce the carrying amount of Jinchan to its recoverable amount of RMB202,208,000).

The impairment loss was recorded in "other net loss" (see note 8 of the consolidated financial statements).

18. CONSTRUCTION IN PROGRESS

	2023 **RMB'000**	2022 RMB'000
At 1 January	**304,205**	422,633
Exchange adjustments	**(174)**	1,911
Additions from acquisition of a subsidiary *(note 38)*	**14,524**	—
Additions	**309,878**	200,225
Transfer to property, plant and equipment *(note 17)*	**(277,137)**	(306,128)
Transfer to intangible assets *(note 19)*	**—**	(14,436)
At 31 December	**351,296**	304,205

19. INTANGIBLE ASSETS

	Shanghai Gold Exchange trading rights RMB'000	Exploration and evaluation assets RMB'000	Mining development assets RMB'000	Mining rights *(note (b))* RMB'000	Exploration rights *(note (c))* RMB'000	Total RMB'000
Cost:						
At 1 January 2022	820	477,665	115,435	810,560	190,964	1,595,444
Exchange adjustments	–	886	2,604	11,338	–	14,828
Additions	–	9,081	–	353	–	9,434
Transfer from construction in progress	–	–	–	14,436	–	14,436
Transfer to others	–	(975)	(530)	–	–	(1,505)
Reclassification	–	(15,270)	15,270	–	–	
At 31 December 2022	820	471,387	132,779	836,687	190,964	1,632,637
Amortisation and impairment:						
At 1 January 2022	–	36,196	32,462	247,387	190,964	507,009
Exchange adjustments	–	5	19	5,830	–	5,854
Charge for the year	–	–	5,537	64,636	–	70,173
Impairment loss *(note (d))*	–	21,215	–	–	–	21,215
At 31 December 2022	–	57,416	38,018	317,853	190,964	604,251
Net book value:						
At 31 December 2022	820	413,971	94,761	518,834	–	1,028,386

19. INTANGIBLE ASSETS (continued)

	Shanghai Gold Exchange trading rights RMB'000	Exploration and evaluation assets *(note (a))* RMB'000	Mining development assets RMB'000	Mining rights *(note (b))* RMB'000	Exploration rights *(note (c))* RMB'000	Total RMB'000
Cost:						
At 1 January 2023	820	471,387	132,779	836,687	190,964	1,632,637
Exchange adjustments	–	272	846	5,328	–	6,446
Addition	–	13,623	360	43,158	–	57,141
At 31 December 2023	820	485,282	133,985	885,173	190,964	1,696,224
Amortisation and impairment:						
At 1 January 2023	–	57,416	38,018	317,853	190,964	604,251
Exchange adjustments	–	129	418	3,078	–	3,625
Charge for the year	–	–	6,598	68,014	–	74,612
Impairment loss *(note (d))*	–	40,047	–	–	–	40,047
At 31 December 2023	–	97,592	45,034	388,945	190,964	722,535
Net book value:						
At 31 December 2023	820	387,690	88,951	496,228	–	973,689

Notes:

(a) Included in the Group's exploration and evaluation assets are assets related to mines, which are under the exploration and evaluation stage as at 31 December 2023, with a carrying value of RMB387,690,000 (31 December 2022: RMB413.971,000). These assets are not subject to amortisation until they are placed in use.

19. INTANGIBLE ASSETS (continued)

Notes: (continued)

(b) The Group's mining rights as at 31 December 2023 are as follows:

Mine	Location	Expiry date
Lingjin One Mine	Lingbao, Henan	May 2045
Lingjin Two Mine	Lingbao, Henan	April 2023 *(Note)*
Lingjin Three Mine	Lingbao, Henan	October 2029
Hongxin Gold Mine	Lingbao, Henan	November 2025
Hongtuling Gold Mine	Lingbao, Henan	February 2028
Duolanasayi Gold Mine	Habahe, Xinjiang	October 2026
Tuokuzibayi Gold Mine	Habahe, Xinjiang	February 2028
Chifeng Jinchan Mining Company Limited Gold Mine	Chifeng, Inner Mongolia	January 2031
Laowan Gold Mine	Nanyang, Henan	July 2040
Istanbul Gold Mine	KR	July 2024
Istanbul Gold Mine	KR	July 2032
Istanbul Gold Western Mine	KR	February 2026
Istanbul Gold Eastern Mine	KR	December 2032

The amortisation charge for the year is included in "cost of sales" in the consolidated statement of profit or loss of the Group.

Note: The mining right of Lingjin Two Mine was expired in April 2023, the Group has filed application for extension of the mining right for another 10 years with extended expiry date in April 2033. The Directors expected the extension process will be completed in 2024.

(c) The exploration rights are amortised to exploration and evaluation assets on a straight-line basis over the estimated useful lives of one to three years.

(d) During the year ended 31 December 2023, impairment loss of RMB40,047,000 (2022: RMB21,215,000) was recognised in respect of certain mining subsidiaries due to no further exploration plan. The Group identified an impairment indicator of its exploration and evaluation assets and concluded that the recoverable amount is low. Therefore, the Group fully impaired those exploration and evaluation assets amounting to RMB40,047,000 (2022: RMB21,215,000).

20. GOODWILL

	RMB'000
Cost:	
At 31 December 2022, 1 January 2023 and 31 December 2023	4,717
Accumulated impairment losses:	
At 31 December 2022, 1 January 2023 and 31 December 2023	–
Carrying amount:	
At 31 December 2022	4,717
At 31 December 2023	4,717

Impairment tests for CGUs containing goodwill

Goodwill is allocated to the Group's CGUs identified as follows:

	2023 RMB'000	2022 RMB'000
Huatai	**2,262**	2,262
Tongbai Xingyuan Mining Company Limited ("Tongbai Xingyuan")	**2,455**	2,455
Total	**4,717**	4,717

The recoverable amounts of the CGUs are determined based on value-in-use calculations with certain key assumptions. Value-in-use calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rates of 22.9% (2022: 16%). Cash flow projections during the forecast period for the CGUs are based on several key assumptions, including the expected gross margin, expected production volume, and future gold price. The forecasted gross margin 25%–38% (2022: 25%–38%) and production volume during the forecast period have been determined based on past business performance. The future gold price is consistent with the market participants' expectations for market development.

The Group's management determined that no impairment provision was required based on the impairment assessment performed as at 31 December 2023 (31 December 2022: Nil).

21. RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Other properties leased for own use RMB'000	Total RMB'000
Cost:			
At 1 January 2022	128,418	4,221	132,639
Addition	401	50,931	51,332
At 31 December 2022	128,819	55,152	183,971
Accumulate depreciation and impairment:			
At 1 January 2022	13,366	768	14,134
Impairment for the year *(note (a))*	17,520	—	17,520
Charge for the year	4,442	12,098	16,540
At 31 December 2022	35,328	12,866	48,194
Net book value:			
At 31 December 2022	93,491	42,286	135,777

Note:

(a) A subsidiary, which is under the mining — PRC reportable segment, was requested by the government to return its use rights. The Group's management concluded that the possibility of extending the land use rights is low. As a result, impairment loss of RMB17,520,000 was recognised in respect of the land use rights during the year ended 31 December 2022.

21. RIGHT-OF-USE ASSETS (continued)

	Land use rights RMB'000	Other properties leased for own use RMB'000	Total RMB'000
Cost:			
At 1 January 2023	128,819	55,152	183,971
Additions from acquisition of a subsidiary	36,352	–	36,352
Addition	–	12,232	12,232
At 31 December 2023	165,171	67,384	232,555
Accumulate depreciation and impairment:			
At 1 January 2023	35,328	12,866	48,194
Charge for the year	4,585	8,475	13,060
At 31 December 2023	39,913	21,341	61,254
Net book value:			
At 31 December 2023	125,258	46,043	171,301

22. INTERESTS IN SUBSIDIARIES

Particulars of the Company's material subsidiaries as at 31 December 2023 are as follows:

Name of companies	Type of legal entity	Place of incorporation and operation	Percentage of equity attributable to the Company Direct %	Percentage of equity attributable to the Company Indirect %	Issued and fully paid-up/ registered capital RMB'000	Principal activities
Hongxin	Limited liability company	The PRC	80	—	RMB3,000/ RMB3,000	Exploration and processing of gold; sales of mineral products
Jiangxi Mingxin Mining Company Limited	Limited liability company	The PRC	80	—	RMB5,000/ RMB5,000	Geological exploration of mineral reserves
Huatai	Limited liability company	The PRC	98.4	1.6	RMB100,000/ RMB100,000	Mining, processing and smelting of gold production of gold products, sales of gold bullion products machinery, equipment and components for gold processing
Tongbai Xingyuan	Limited liability company	The PRC	100	—	RMB17,000/ RMB17,000	Geological exploration of mineral reserves
Chi Feng City Zheng JiMining Company Limited	Limited liability company	The PRC	80	—	RMB15,131/ RMB15,131	Geological exploration of mineral reserves, sales of mineral products
Lingbao Gold International Company Limited ("Lingbao Gold international")	Limited liability company	Hong Kong	100	—	HKD218,801/ HKD218,801	Investment holding
Jinchan	Limited liability company	The PRC	100	—	RMB20,000/ RMB20,000	Mining and exploration of mineral reserves
Chifeng Lingjin Mining Company Limited	Limited liability company	The PRC	80	—	RMB40,000/ RMB40,000	Sales of mineral products
Full Gold Mining Limited Liability Company ("Full Gold")	Limited liability company	Kyrgyz Republic	82	—	SOM33,330/ SOM33,330	Mining and exploration of mineral reserves
Lingbao Jinda Mineral Products Trading Company Limited	Limited liability company	The PRC	—	100	Nil/ RMB10,000/	Sale of mineral products
Lingbao City Lingdong Mineral Products Company Limited	Limited liability company	The PRC	100	—	RMB41,000/ RMB41,000	Sale of mineral products mine engineering construction
Lingbao Lingjin Jewelry Company Limited	Limited liability company	The PRC	100	—	RMB10,000/ RMB50,000	Sale of jewelry
Tianshui Hongwu Mining Development Company Limited ("Tianshui Hongwu")	Limited liability company	The PRC	74	—	RMB1,000/ RMB1,000	Mining and exploration of mineral reserves

22. INTERESTS IN SUBSIDIARIES (continued)

Name of companies	Type of legal entity	Place of incorporation and operation	Percentage of equity attributable to the Company		Issued and fully paid-up/ registered capital RMB'000	Principal activities
			Direct %	Indirect %		
Lanzhou Lingjin Mining Company Limited	Limited liability company	The PRC	100	–	RMB1,000/ RMB1,000	Sale of mineral products and mining machinery
Beijing Fushengda Investment Company Limited	Limited liability company	The PRC	100	–	RMB100,000/ RMB100,000	Investment holding
Ha Mi Jiachang Mining Investment and Development Company Limited	Limited liability company	The PRC	–	100	RMB20,000/ RMB20,000	Mining and exploration of mineral reserves
Lingbao Gold Yili Metallurgical Company Limited	Limited liability company	The PRC	100	–	RMB25,000/ RMB25,000	Processing and smelting of gold, further processing and sales of gold products
Habahe Huayuan Mining Company Limited	Limited liability company	The PRC	–	60	RMB5,000/ RMB5,000	Mining and exploration of mineral reserves
Lingbao Lingjin Technology Company Limited	Limited liability company	The PRC	100	–	RMB1,000/ RMB1,000	Development of mining and exploration of mineral reserves technology; design of mineral engineering
Tianshui Dongshanhong Mining Development Company Limited	Limited liability company	The PRC	–	74	RMB1,000/ RMB1,000	Geological exploration of mineral reserves
Shenzhen Jinda Gold Company Limited ("Shenzhen Jinda")	Limited liability company	The PRC	100	–	RMB200,000/ RMB200,000	Sales of mineral products
Lingbao Jinda Gold Company Limited	Limited liability company	The PRC	–	100	RMB10,000/ RMB10,000	Sales of mineral products
Hainan Jinda Jewelry Company Limited	Limited liability company	The PRC	–	100	Nil/ RMB10,000	Sales of jewelry; import and export of gold products
Lingbao Xinan Solid Waste Disposal Company Limited ("Xinan Waste") *(note (a))*	Limited liability company	The PRC	89.6903%	–	RMB86,310/ RMB86,310	Recycling and disposal of wastes from mining and smelting activities
Xinjiang Baoxin Mining Company Limited ("Xinjiang Baoxin") *(note (b))*	Limited liability company	The PRC	–	–	RMB10,000/ RMB10,000	Sales of mineral products

Note:

(a) During the year, the Company acquired 43.3002% of the equity interests in Xinan Waste. Together with the Group's previously held equity interest in Xinan Waste of 46.3901%, the Group's total equity interest in Xinan Waste increased to 89.6903%. Profit generated thereafter is shared between the Group and the non-controlling interests on an 89.6903% and 10.3097% basis.

(b) Xinjiang Baoxin was de-registered during the year.

22. INTERESTS IN SUBSIDIARIES (continued)

The following table lists out the information relating to Full Gold, a subsidiary of the Group which has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

Full Gold

	2023 RMB'000	2022 RMB'000
NCI percentage	**18%**	18%
Current assets	**188,551**	278,507
Non-current assets	**328,001**	334,384
Current liabilities	**(791,739)**	(794,272)
Non-current liabilities	**(840,724)**	(812,308)
Net liabilities	**(1,115,910)**	(993,689)
Carrying amount of NCI	**(176,212)**	(167,309)
Revenue	**154,933**	167,483
Loss for the year	**(128,830)**	(12,888)
Loss attributable to NCI	**(22,156)**	(2,320)
Total comprehensive income	**(146,697)**	(96,352)
Total comprehensive income attributable to NCI	**(26,405)**	(17,343)
Cash flows used in operating activities	**(36,270)**	77,695
Cash flows generated from investing activities	**20,890**	(44,109)
Cash flows generated from financing activities	**8,742**	(20,096)

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Non-current:		
— Unlisted equity investment at fair value		
— Henan Jinqu Gold Co., Ltd. *(note (a))*	**5,378**	4,500
— Others	**20**	20
	5,398	4,520
Current:		
— Fund investment *(note (b))*	**3,191**	—
	8,589	4,520

Notes: (a) It represents the Group's 5% equity interests in a PRC domiciled enterprise which is mainly engaged in geological exploration, mining, processing, sales of gold, as well as research, development, production and sale of artificial industrial diamonds.

(b) The fund investment represent investment in a USD money market fund managed by a Hong Kong fund managing company. The fair value of the fund was observed based on the available market price of the fund.

24. INTEREST IN AN ASSOCIATE

	2023 RMB'000	2022 RMB'000
Share of net assets		
As at 1 January	**26,206**	28,621
— Share of loss from an associate	**(2,619)**	(2,415)
— Derecognised due to obtained control through acquisition of the associate *(note 38)*	**(23,587)**	—
As at 31 December	**—**	26,206

Details of the associate is as follows:

Name	Type of legal entity	Place of incorporation and operation	Percentage of equity interest owned by the Group 2023	Percentage of equity interest owned by the Group 2022	Issued and fully paid-up/ registered capital RMB'000	Principal activities
Xinan Waste (as defined in note 22)	Limited liability company	The PRC	**89.69%**	46.39%	RMB86,310/ RMB86,310	Recycling and disposal of wastes from mining and smelting activities

25. NON-CURRENT PREPAYMENTS

	2023 RMB'000	2022 RMB'000
Prepayments for purchase of property, plant and equipment and construction of mining shafts	**15,196**	25,665
Prepayments for taxes	**170,305**	170,305
	185,501	195,970
Less: Loss allowance	**(170,305)**	(170,305)
	15,196	25,665

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2023 **RMB'000**	2022 RMB'000
At the beginning of the year	**70,275**	74,671
Provision for PRC income tax *(note 11)*	**135,393**	54,770
PRC income tax paid	**(166,460)**	(59,166)
At the end of the year	**39,208**	70,275
Representing: PRC income tax — Payable	**39,208**	70,275
At the end of the year	**39,208**	70,275

(b) Deferred tax assets and liabilities recognised:

(i) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation of property, plant and equipment RMB'000	**Amortisation of intangible assets** RMB'000	**Allowance for bad debt** RMB'000	**Inventories** RMB'000	**Other accruals and payables** RMB'000	**Financial Instruments** RMB'000	**Share of profits of associates** RMB'000	**Tax losses** RMB'000	**Total** RMB'000
Deferred tax arising from:									
At 1 January 2022	5,189	4,606	253,305	14,456	36,014	1,761	(1,522)	2,302	316,111
(Charged)/credited to profit or loss	6,975	9,205	(38,552)	(813)	(771)	1,884	604	–	(21,468)
At 31 December 2022	**12,164**	**13,811**	**214,753**	**13,643**	**35,243**	**3,645**	**(918)**	**2,302**	**294,643**
Credited/(charged) to profit or loss	**7,413**	**13,717**	**(14,480)**	**(4,303)**	**8,089**	**(169)**	**918**	**–**	**11,185**
At 31 December 2023	**19,577**	**27,528**	**200,273**	**9,340**	**43,332**	**3,476**	**–**	**2,302**	**305,828**

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised: (continued)

(ii) Reconciliation to the consolidated statement of financial position

	2023 RMB'000	2022 RMB'000
Net deferred tax asset recognised on the consolidated statement of financial position	**318,673**	300,139
Net deferred tax liability recognised on the consolidated statement of financial position	**(12,845)**	(5,496)
	305,828	294,643

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative unused tax losses of RMB157,192,000 (2022: RMB115,622,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

	2023 RMB'000	2022 RMB'000
Tax losses, if unused, will expire in		
— 2023	**–**	39,158
— 2024	**48,730**	48,730
— 2025	**6,266**	6,266
— 2026	**12,644**	12,644
— 2027	**8,824**	8,824
— 2028	**80,728**	—
	157,192	115,622

27. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2023 RMB'000	2022 RMB'000
Raw materials	**1,005,064**	623,264
Work in progress	**98,560**	159,774
Finished goods	**325,645**	397,660
Spare parts and materials	**161,606**	100,060
	1,590,875	1,280,758

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

	2023 RMB'000	2022 RMB'000
Carrying amount of inventories sold	**9,457,436**	9,347,153
Write-down of inventories *(note (a))*	**106,344**	—
Reversal of write-down of inventories *(note (b))*	**—**	(5,796)
	9,563,780	9,341,357

Notes:

(a) During the year, certain gold ores mined out were detected to contains mixtures that would significantly increase the costs for gold processing, have assessed the costs and reward from processing of those gold ores, managements decided to dispose of the said gold ores, rather than to continue with their initial processing plan. As a results, the costs of those inventories were fully impaired.

(b) During the year ended 31 December 2022, certain inventories with impairment provision were subsequent sold with amounts higher than original gross amounts of the inventories. The impairment provision for those inventories were reversed accordingly.

28. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2023 RMB'000	2022 RMB'000
Trade receivables, net of loss allowance	**235,752**	168,389
Bills receivable	**1,251**	3,953
	237,003	172,342
Other receivables, net of loss allowance *(note (b))*	**59,690**	78,334
Amounts due from related parties	**470**	923
	60,160	79,257
Financial assets measured at amortised cost	**297,163**	251,599
Deposits and prepayments	**69,375**	60,222
Purchase deposits *(note (c))*	**797,964**	818,734
Less: Allowance for non-recoverability	**(750,618)**	(750,618)
	47,346	68,116
Amount due from Beijing Jiuyi *(note (d))*	**—**	—
Total trade receivables, other receivables and prepayment	**413,884**	379,937

Transfers of financial assets

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

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

As at 31 December 2023, the Group endorsed certain bank acceptance bills with a carrying amount of RMB1,251,000 (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.

28. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (continued)

Transfers of financial assets (continued)

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

As at 31 December 2023, 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 31 December 2023, 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 RMBNil (31 December 2022: Nil) and RMB2,502,000 (31 December 2022: RMB712,000), respectively.

(a) Ageing analysis

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.

	2023 **RMB'000**	2022 RMB'000
Within three months	**219,636**	172,042
Over three months but less than six months	**921**	—
Over six months but less than one year	**254**	300
Over one year but less than two years	**16,192**	—
At 31 December	**237,003**	172,342

The majority of gold bullion was traded on or through Shanghai Gold Exchange, of which receivables will be collected within 1–2 days upon the completion of clearing by Shanghai Gold Exchange. For sales of gold 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 one month to one year from the date of billing. Further details on the Group's credit policy are set out in note 39(a).

28. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (continued)

Transfers of financial assets (continued)

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

(b) Other receivables, net of loss allowance

The allowance for expected credit losses of other receivables as at 31 December is as follows:

	2023 **RMB'000**	2022 RMB'000
Other receivables	**79,830**	97,135
Less: Allowance for expected credit losses	**(19,670)**	(18,801)
	60,160	78,334

During the year ended 31 December 2023, the Group recognised the loss allowance for expected credit losses of other receivables of RMB869,000 (31 December 2022: RMB7,534,000).

During the year ended 31 December 2022, the Group wrote off the gross carrying amount of other receivables amounting to RMB6,352,000 and the corresponding allowance for expected credit losses of RMB6,352,000.

In measuring expected credit losses, the Group takes into account reasonable and supportable information that is available without undue cost or effort, which includes information about past events, current conditions and forecasts of future economic conditions.

28. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (continued)

Transfers of financial assets (continued)

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

(c) Purchase deposits

Purchase deposits represent the amounts paid by the Group in advance to suppliers to secure timely and stable supply of mineral sand for the purposes of refining in future periods.

Impairment loss in respect of purchase deposits is recorded in accordance with the accounting policy set out in note 4.

The movement in the allowance for non-recoverability of purchase deposits during the year is as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	**750,618**	741,512
Impairment loss recognised	**–**	9,106
At 31 December	**750,618**	750,618

During the year ended 31 December 2022, the Group recognised the loss allowance for expected credit losses of purchase deposits of RMB9,106,000.

The management considered that appropriate procedures have been taken by the Group to assess the capabilities of the suppliers to supply mineral sand and expect that the remaining purchase deposits of RMB47,346,000 (2022: RMB68,116,000) as at 31 December 2023 would be gradually recovered through future purchases of mineral sand from the respective suppliers.

(d) Amount due from Beijing Jiuyi

	2023 RMB'000	2022 RMB'000
Amount due from Beijing Jiuyi	**30,800**	30,800
Less: Impairment losses	**(30,800)**	(30,800)
	–	–

The balance due from Beijing Jiuyi was relating to a compensation payment for a proposed acquisition in previous years, which was determined not to be recoverable.

29. PLEDGED DEPOSITS

Pledged deposits can be analysed as follows:

	2023 RMB'000	2022 RMB'000
Guarantee deposits for bank and other borrowings	–	1,372,560
Guarantee deposits for issuance of letter of credit	212,000	15,440
Guarantee deposits for issuance of bank acceptance bills	435,000	10,000
Guarantee deposits for environment governance	12,100	9,297
Others	40,780	18,603
	699,880	1,425,900

At 31 December 2023, guarantee deposits of RMB647,000,000 (31 December 2022: RMB1,398,000,000) have been pledged with various banks to obtain bank and other borrowings, to issue letter of credit and bank acceptance bills. The pledge in respect of the bank deposits will be released with the expiration of the relevant bank and other borrowings, letter of credit and bank acceptance bills. All of these deposits are to be collected within one year.

30. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents

	2023 RMB'000	2022 RMB'000
Cash at bank and on hand	256,724	173,010

30. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(b) Reconciliation of liabilities arising from financing activities

	Bank and other borrowings RMB'000 *(note 31)*	Guarantee deposits for bank and other borrowings, letter of credit and bank acceptance bills RMB'000 *(note 29)*	Interest Payable RMB'000 *(note 32)*	Financial liabilities at FVTPL RMB'000 *(note 32)*	Lease liabilities RMB'000 *(note 34)*	Total RMB'000
At 1 January 2023	3,671,749	(1,372,560)	1,628	13,054	29,501	2,343,372
Changes from financing cash flows:						
Proceeds from bank and other borrowings	4,078,456	–	–	–	–	4,078,456
Repayment of bank and other borrowings	(4,897,262)	–	–	–	–	(4,897,262)
Proceeds from entering financial liabilities instruments at FVTPL	–	–	–	43,767	–	43,767
Payment for settlement of financial liabilities at FVTPL	–	–	–	(9,804)	–	(9,804)
Pledged deposits collected	–	751,000	–	–	–	751,000
Interest paid for bank and other borrowings	–	–	(140,512)	–	–	(140,512)
Payment for gold future	–	–	–	–	–	–
Capital element of lease rentals paid	–	–	–	–	(21,816)	(21,816)
Interest element of lease rentals paid	–	–	–	–	(1,307)	(1,307)
Total changes from financing cash flows	(818,806)	751,000	(140,512)	33,963	(23,123)	(197,478)
Exchange adjustments	165	–	–	–	60	225
Other changes:						
Reclassification	–	(25,440)	–	–	–	(25,440)
Net realised and unrealised loss on other financial instruments at fair value	–	–	–	6,196	–	6,196
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	12,232	12,232
Interest expenses *(note 10(a))*	–	–	159,345	–	1,450	160,795
At 31 December 2023	2,853,108	(647,000)	20,461	53,213	20,120	2,299,902

30. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Bank and other borrowings RMB'000 *(note 31)*	Guarantee deposits for bank and other borrowings RMB'000 *(note 29)*	Interest Payable RMB'000 *(note 32)*	Financial liabilities at FVTPL RMB'000 *(note 32)*	Lease liabilities RMB'000 *(note 34)*	Loan from Shareholders RMB'000 *(note 35)*	Total RMB'000
At 1 January 2022	3,542,876	(1,295,700)	1,139	1,293	3,637	40,000	2,293,245
Changes from financing cash flows:							
Proceeds from bank and other borrowings	4,176,159	–	–	–	–	–	4,176,159
Repayment of bank and other borrowings	(4,069,236)	–	–	–	–	–	(4,069,236)
Proceeds from loans from shareholders	–	–	–	–	–	30,000	30,000
Repayment of a loan from shareholders	–	–	–	–	–	(70,000)	(70,000)
Pledged deposits placed for borrowings	–	(76,860)	–	–	–	–	(76,860)
Interest paid for bank and other borrowings	–	–	(100,795)	–	–	–	(100,795)
Payment for gold future	–	–	–	(1,778)	–	–	(1,778)
Capital element of lease rentals paid	–	–	–	–	(14,719)	–	(14,719)
Interest element of lease rentals paid	–	–	–	–	(3,483)	–	(3,483)
Total changes from financing cash flows	106,923	(76,860)	(100,795)	(1,778)	(18,202)	(40,000)	(130,712)
Exchange adjustments	21,950	–	(29,465)	–	1,339	–	(6,176)
Other changes:							
Reclassification	–	–	–	13,539	–	–	13,539
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	40,582	–	40,582
Interest expenses *(note 10(a))*	–	–	130,749	–	2,145	–	132,894
At 31 December 2022	3,671,749	(1,372,560)	1,628	13,054	29,501	–	2,343,372

30. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2023 RMB'000	2022 RMB'000
Within operating cash flows	**1,450**	3,524
Within financing cash flows	**23,123**	16,863
	24,573	20,387

All these amounts are related to lease rentals paid.

31. BANK AND OTHER BORROWINGS

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

	2023 RMB'000	2022 RMB'000
Short-term bank and other borrowings:		
— Bank and other borrowings	**2,533,108**	3,552,248
— Add: Current portion of long-term bank and other borrowings	**192,000**	19,501
	2,725,108	3,571,749
Long-term bank and other borrowings:		
— Bank and other borrowings	**320,000**	119,501
— Less: Current portion of long-term bank and other borrowings	**(192,000)**	(19,501)
	128,000	100,000
	2,853,108	3,671,749

31. BANK AND OTHER BORROWINGS (continued)

The end of financial year, the bank and other borrowings were repayable as follows:

	2023 RMB'000	2022 RMB'000
Within one year or on demand	**2,725,108**	3,571,749
Over one year but within two years	**128,000**	100,000
	2,853,108	3,671,749

The end of financial year, the bank and other borrowings were secured as follows:

	2023 RMB'000	2022 RMB'000
Bank and other borrowings		
— Secured	**647,000**	1,705,390
— Guaranteed	**975,990**	826,359
— Unsecured	**1,230,118**	1,140,000
	2,853,108	3,671,749

At 31 December 2023, bank and other borrowings of the Group amounting to RMB577,000,000 (2022: RMB685,390,000) were secured by pledged deposits with the carrying amount of RMB447,000,000 (2022: RMB552,560,000).

At 31 December 2023, bank and other borrowings of the Group amounting to RMB200,000,000 (2022: RMB980,000,000) were secured by pledged deposits with the carrying amount of RMB100,000,000 (2022: RMB820,000,000) and guaranteed by the D&R Asset Management Group Company Limited ("D&R Investment") with maximum guarantees of RMB100,000,000 (2022: RMB160,000,000).

At 31 December 2023, bank and other borrowings of the Group amounting to RMB400,000,000 (2022: Nil) were secured by pledged deposits with the carrying amount of RMB100,000,000 (2022: Nil) and guaranteed by a subsidiary of the Group named Tongbai Xingyuan with maximum guarantees of RMB300,000,000 (2022: Nil).

31. BANK AND OTHER BORROWINGS (continued)

At 31 December 2023, bank and other borrowings of the Group amounting to RMB435,990,000 (2022: RMB666,858,000) were guaranteed by D&R Investment with maximum guarantees of RMB435,990,000 (2022: RMB785,000,000).

At 31 December 2023, bank loans of the Company amounting to RMB50,000,000 (2022: RMB140,000,000) were guaranteed by a subsidiary named Huatai with maximum guarantees of RMB50,000,000 (2022: RMB140,000,000) and D&R Investment with maximum guarantees of RMB50,000,000 (2022: RMB140,000,000), respectively.

At 31 December 2023, bank loans of the Company amounting to RMB90,000,000 (2022: Nil) were guaranteed by two subsidiaries named Huatai with maximum guarantees of RMB90,000,000 (2022: Nil) and Tongbai Xingyuan with maximum guarantees of RMB90,000,000 (2022: Nil).

At 31 December 2022, bank loans of a subsidiary, named Shenzhen Jinda Gold Company Limited ("Shenzhen Jinda"), amounting to RMB40,000,000 were secured by its building with carrying amount of RMB63,841,000 and guaranteed by the Company, the pledge were released during the year upon the respective bank loans were fully repaid during the year.

At 31 December 2022, bank loans of a subsidiary, named Full Gold, amounting to USD2,800,000 (RMB equivalent 19,501,000) were guaranteed by the Company. The bank loan was fully repaid during the year.

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 31 December 2022, certain covenant of the bank loan agreement from a bank was breached by a subsidiary of the Company named Full Gold. For the bank loan drawn down by Full Gold, no waiver letter had been obtained as at 31 December 2022. The amounts were fully repaid in 2023, and except as described above, the Group did not breach any of financial covenants during the year.

32. TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Current trade and other payables		
Bills payable	–	10,000
Trade payables	441,497	248,192
Other payables and accruals	275,108	393,248
Interest payables *(note 30(b))*	20,461	1,628
Payable for mining rights	80,074	84,780
Deferred income *(note (a))*	57,817	78,684
Payable to non-controlling interests	–	52
Amount due to related parties *(note 41)*	443	4,343
Dividend payable	4,758	4,758
	880,158	825,685
Financial liabilities at FVTPL		
Gold future and forward *(note 39(h))*	14,786	13,054
Gold lease contracts *(note 39(h))*	38,427	–
	53,213	13,054
Non-current other payables		
Payable for long-term assets *(note (b))*	344,423	217,523
Deferred income *(note (a))*	66,905	55,410
Decommissioning costs *(note (c))*	126,186	111,189
	537,514	384,122

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) Payable for long-term assets represents non-current payables in respect of procurement of property, plant and equipment, construction in progress and mining rights.

(c) 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 RMB126,186,000 in total as at 31 December 2023 (2022: RMB111,189,000).

32. TRADE AND OTHER PAYABLES (continued)

The ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2023 RMB'000	2022 RMB'000
Within three months	**274,468**	203,859
Over three months but less than six months	**92,676**	10,246
Over six months but less than one year	**35,731**	9,556
Over one year but less than two years	**17,747**	8,827
Over two years	**20,875**	15,704
	441,497	248,192

33. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Made-to-order manufacturing arrangements — Billings in advance of performance	**3,430**	5,439

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Made-to-order manufacturing arrangements

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue is recognised when control over a product transferred to the customers. The Group typically receives a deposit on acceptance of orders from new customers, the amount of the deposit, if any, was negotiated on a case-by-case basis with customers.

33. CONTRACT LIABILITIES (continued)

Movements in contract liabilities

	2023 RMB'000	2022 RMB'000
Balance at 1 January	**5,439**	30,045
Increase in contract liabilities as a result of billing in advance of manufacturing activities	**255,189**	351,703
Decrease in contract liabilities as a result of recognising revenue during the year	**(257,198)**	(376,309)
Balance at 31 December	**3,430**	5,439

All of the other contract liabilities are expected to be recognised as income within one year.

34. LEASE LIABILITIES

At the end of financial year, the lease liabilities were repayable as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	**5,205**	12,119
After 1 year but within 2 years	**3,794**	4,910
After 2 years but within 5 years	**6,981**	5,297
After 5 years	**4,140**	7,175
	14,915	17,382
	20,120	29,501

35. LOAN FROM SHAREHOLDERS

As at 31 December 2023, the Group did not have any loans from its shareholders.

On 24 February 2022, the Company and D&R Investment entered into a loan agreement and the unsecured loan of RMB30,000,000 was provided by D&R Investment, which is bearing interest per annum at 5.39% and with a maturity of one month. The loan of RMB30,000,000 was repaid in April 2022.

36. CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital *(note 36(b))* RMB'000	**Share premium** *(note (i))* RMB'000	**PRC statutory reserves** *(note (ii))* RMB'000	**Retained profits** RMB'000	**Total equity** RMB'000
At 1 January 2022	172,850	891,926	160,070	1,014,906	2,239,752
Changes in equity for 2022					
Total comprehensive income for the year	–	–	–	48,012	48,012
Appropriation of safety production fund	–	–	59,808	(59,808)	–
Utilisation of safety production fund	–	–	(59,808)	59,808	–
At 31 December 2022	172,850	891,926	160,070	1,062,918	2,287,764
Changes in equity for 2023					
Capital injection	**63,954**	**186,216**	**–**	**–**	**250,170**
Total comprehensive income for the year	**–**	**–**	**–**	**(226,518)**	**(226,518)**
Appropriation of safety production fund	**–**	**–**	**32,097**	**(32,097)**	**–**
Utilisation of safety production fund	**–**	**–**	**(32,097)**	**32,097**	**–**
At 31 December 2023	**236,804**	**1,078,142**	**160,070**	**836,400**	**2,311,416**

36. CAPITAL AND RESERVES (continued)

(a) Movements in components of equity (continued)

Notes:

(i) *Share premium*

The share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received upon the global initial public offering and the share subscription and placement transaction etc. The application of the share premium account is governed by sections 167 and 168 of the PRC Company Law.

(ii) *PRC statutory reserves*

Transfers from retained earnings to the PRC statutory reserves were made in accordance with the relevant PRC rules and regulations and articles of association of the Company and its subsidiaries incorporated in the PRC.

The Company and the subsidiaries incorporated in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve (the "SSR") until the reserve balance reaches 50% of the registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the SSR may be converted to increase the share capital of the Company, provided that the remaining balance after the capitalisation is not less than 25% of the registered share capital.

Pursuant to the relevant regulations in the PRC, the Group is required to provide for safety production fund based on volume of ores excavated and sales amount of certain products.

For the year ended 31 December 2023, the Company transferred RMB32,097,000 (2022: RMB59,808,000) from retained earnings to specific reserve for the provision for the safety production fund, and transferred RMB32,097,000 (2022: RMB59,808,000) from reserves to retained earnings for the utilisation of the safety production fund according to relevant PRC regulations.

(iii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas operations. The reserve is dealt with in accordance with the accounting policies set out in note 4.

(iv) *Other reserve*

The excess of purchase consideration on acquisition of non-controlling interests over the carrying value of the share of net assets acquired are charged to other reserve.

36. CAPITAL AND RESERVES (continued)

(b) Share capital

	Number of domestic shares of RMB0.20 each	Number of H shares of RMB0.20 each	Total number of shares	Amount RMB'000
As at 1 January 2022, 31 December 2022 and 1 January 2023	566,975,091	297,274,000	864,249,091	172,850
Registered, issued and fully paid:				
Subscription and issuance of H shares on 18 August 2023	**–**	**319,772,164**	**319,772,164**	**63,954**
Total	**566,975,091**	**617,046,164**	**1,184,021,255**	**236,804**

The holders of Domestic shares and H shares are entitled to receive dividends as and when declared by the Company. All Domestic shares and H shares are ordinary shares and rank pari-passu with the same rights and benefits.

Note:

(i) Pursuant to a subscription agreement completed on 18 August 2023, 319,772,164 H Shares were issued to a corporate subscriber, an indirect wholly-owned subsidiary of another corporate subscriber which is owned by a connected person, at the subscription price of HKD0.85 per H Share. Gross proceeds and net proceeds from the subscription amounted to approximately HKD271,800,000 (or RMB256,000,000 equivalent) and HKD265,600,000 (or RMB250,200,000 equivalent), respectively.

(ii) Pursuant to a placing agreement entered into on 21 February 2024, 32,538,000 H Shares were issued at the price of HKD1.34 per H Share. Gross proceeds and net proceeds from the subscription amounted to approximately HKD43,600,000 (or RMB40,300,000 equivalent) and HKD42,400,000 (or RMB39,200,000 equivalent), respectively. The placement of share was completed subsequent to the end of the financial year on 28 February 2024.

36. CAPITAL AND RESERVES (continued)

(c) Statutory reserves — specific reserves

Pursuant to the relevant regulations in the PRC, the Group is required to provide for safety production fund based on volume of ores excavated and sales amount of certain products.

For the year ended 31 December 2023, the Group transferred RMB66,281,000 (2022: RMB85,028,000) from retained earnings to specific reserve provision for the safety production fund and transferred RMB66,281,000 (2022: RMB85,028,000) from specific reserve to retained earnings for the utilisation of the safety production fund according to relevant PRC regulations.

As at 31 December 2023, the consolidated retained profits included an appropriation of RMB55,303,000 (31 December 2022: RMB52,328,000) to PRC statutory reserve made by the subsidiaries of the Group.

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes bank and other borrowings, trade and other payables, lease liabilities less cash and cash equivalents and pledged deposits). Adjusted capital comprises all components of equity attributable to equity shareholders of the Company less unaccrued proposed dividends.

	2023 **RMB'000**	2022 RMB'000
Registered, issued and fully paid:		
— 566,975,091 (2022:566,975,091)		
Domestic shares of RMB0.20 each	**113,395**	113.395
— 617,046,164 (2022:297,274,000)		
H shares of RMB0.20 each	**123,409**	59,455
	236,804	172,850

36. CAPITAL AND RESERVES (continued)

(d) Capital management (continued)

A summary of movements in the company's share capital is as follow:

	Note	**Number of shares**	**Share capital** RMB'000
At 1 January 2022, 31 December 2022 and 1 January 2023			
— Domestic shares		566,975,091	113,395
— H shares		297,274,000	59,455
		864,249,091	172,850
Subscription of H share	(i)	**319,772,164**	**63,954**
At 31 December 2023			
— Domestic shares		**566,975,091**	**113,395**
— H shares		**617,046,164**	**123,409**
		1,184,021,255	**236,804**

In order to maintain or adjust the ratio, the Group may adjust the amount of dividends payable to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

36. CAPITAL AND RESERVES (continued)

(d) Capital management (continued)

The Group's adjusted net debt-to-capital ratio at 31 December 2023 and 31 December 2022 was as follows:

	2023 RMB'000	2022 RMB'000
Current liabilities:		
— Bank and other borrowings	**2,725,108**	3,571,749
— Trade and other payables	**880,158**	825,685
— Financial liabilities at FVTPL	**53,213**	13,054
— Lease liabilities	**5,205**	12,119
	3,663,684	4,422,607
Non-current liabilities:		
— Bank and other borrowings	**128,000**	100,000
— Other payables	**537,514**	384,122
— Lease liabilities	**14,915**	17,382
	680,429	501,504
Total debt	**4,344,113**	4,924,111
Less: Cash and cash equivalents	**(256,724)**	(173,010)
Pledged deposits	**(699,880)**	(1,425,900)
Adjusted net debt	**3,387,509**	3,325,201
Total equity attributable to equity shareholders of the Company	**2,662,151**	2,104,393
Adjusted net debt-to-capital ratio	**127%**	158%

There were no changes in the Group's approach to capital management during the year.

A bank loan agreement of the Company was subject to the fulfilment of covenants imposing certain specific performance requirements on the Company, including the asset debt ratio not higher than 75%, current ratio not lower than 60% and contingent liability not higher than RMB500,000,000. If the Company was to breach the covenants, bank loan amounting to RMB318,000,000 (2022: RMB100,000,000) would become payable on demand.

Other than the abovementioned covenants of bank loan agreement, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

37. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments, representing purchase of property, plant and equipment and intangible assets outstanding at 31 December 2023 not provided for in the financial statements, were as follows:

	2023 RMB'000	2022 RMB'000
Authorised and contracted for	**376,043**	37,065
Authorised but not contracted for	**–**	302,338
	376,043	339,403

(b) Financial guarantees issued

As at 31 December 2023, the Company does not issue any financial guarantees to its subsidiaries or any third parties.

As at 31 December 2022, the Company has issued the following guarantees:

(i) Guarantees to a subsidiary, Lingbao Gold International, in respect of a loan granted to another subsidiary, Full Gold, of USD1,739,000 (RMB equivalent 12,111,000);

(ii) Guarantees to certain banks in respect of bank loans granted to a subsidiary, Full Gold, of USD2,800,000 (RMB equivalent 19,501,000).

(c) Financial guarantees received

As at 31 December 2023, the Company has received the following guarantees:

(i) D&R Investment has issued guarantees of RMB100,000,000 to three subsidiaries of the Company, named Shenzhen Jinda, Huatai and Lingbao Jinda Gold Company Limited ("Lingbao Jinda") in respect of bank acceptance bills issued by these subsidiaries, of RMB196,000,000, RMB2,000,000 and RMB2,000,000, respectively (2022: Nil).

(ii) A subsidiary of the Group, named Tongbai Xingyuan, has issued a guarantee of RMB300,000,000, to the Company in respect of bank acceptance bills issued by the Company, of RMB400,000,000 (2022: Nil).

(iii) D&R Investment has issued a guarantee of RMB435,990,000 to the Company in respect of bank loans granted to the Company of RMB435,990,000 (2022:Nil).

37. COMMITMENTS AND CONTINGENCIES (continued)

(c) Financial guarantees received (continued)

(iv) D&R Investment and a subsidiary of the Company, named Huatai, have jointly issued a guarantee of RMB50,000,000, to the Company in respect of bank loans granted to the Company, of RMB50,000,000 (2022: Nil).

(v) Two subsidiaries of the Group, named Huatai and Tongbai Xingyuan, have jointly issued a guarantee of RMB90,000,000, to the Company in respect of bank loans granted to the Company, of RMB90,000,000 (2022: Nil).

As at 31 December 2023, the Company has received the following guarantees:

(i) A subsidiary of the Group, Huatai, has issued a guarantee of RMB140,000,000 to the Company in respect of bank loans granted to the Company, of RMB140,000,000. The bank loans were fully repaid during the year, and the respective guarantee has been released.

The management does not consider it probable that a claim will be made against the Group or the Company under any of the guarantees. The maximum liability of the Group or the Company at the end of the reporting period under the guarantees issued is the above outstanding loans granted to the subsidiaries of the Company.

Except for the above guarantees, the Group or the Company does not provide any guarantees which would expose the Group or the Company to credit risk.

38. BUSINESS COMBINATION DURING THE YEAR

On 6 November 2023, The Company entered into the equity transfer agreement with the vendor, which are independent third parties to the Group to acquire 43.3002% of the equity interests in Lingbao Xinan Solid Waste Disposal Company Limited ("Xinan Waste") with cash consideration of RMB22,016,000. Upon the completion of acquisition on the same date, the Group's total equity interest in Xinan Waste increased from 46.3901% to 89.6903%, and Xinan Waste became a subsidiary of the Group.

Xinan Waste is principally engaged in recycling and disposal of wastes from mining and smelting activities.

38. BUSINESS COMBINATION DURING THE YEAR (continued)

The fair value of identifiable assets and liabilities of Xinan Waste as at the date of completion was:

	Note	**6 November 2023 RMB'000**
Property, plant and equipment	17	**51,849**
Construction in progress	18	**14,524**
Right-of-use assets	21	**36,352**
Other non-current assets		**48**
Cash and cash equivalents		**2,160**
Trade receivables		**13,774**
Other receivables and prepayments		**2,099**
Inventories		**198**
Trade payables		**(66,014)**
Other payables		**(4,145)**
Net assets		**50 845**
Less: non-controlling interests		**(5,242)**
Less: fair value of previously held equity interests		**(23,587)**
Fair value of net identifiable assets acquired		**22,016**
Cash consideration paid		**(22,016)**
		–
An analysis of the cash flows in respect of the acquisition of Xinan Waste is as follows:		
Cash consideration paid		**22,016**
Cash and cash equivalents acquired		**(2,160)**
Net outflow of cash and cash equivalents included in cash flows from investing activities		**19,856**

The fair value of trade and other receivables acquired as of the acquisition date amounted to RMB15,873,000. The gross contractual amount of these receivables is RMB15,873,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

38. BUSINESS COMBINATION DURING THE YEAR (continued)

Since the fair value of purchase consideration paid equals to the fair value of the net identifiable assets acquired, no goodwill was recognised.

Since the completion of the acquisition, Xinan Waste has contributed approximately RMB508,000 to the Group's revenue and approximately RMB9,207,000 profit to the Group for the year. If the acquisition had occurred on 1 January 2023, the Group's revenue and profit for the year would have been approximately RMB10,540,293,000 and RMB296,991,000 respectively. This pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is it intended to be a projection of future performance. The acquisition-related costs of approximately RMB352,000 have been expensed and are included in administrative expenses.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, gold price, other commodity price, foreign currency and procurement of raw material risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, deposits and prepayments. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable and derivative financial assets is limited because the counterparties are banks and financial institutions with high credit quality, for which the Group considers to have low credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent.

The majority of gold bullion was traded on or through Shanghai Gold Exchange, of which receivables will be collected within 1–2 days upon the completion of clearing by Shanghai Gold Exchange. Therefore, there is no significant credit risk in respect of the receivables due from Shanghai Gold Exchange.

For sales of jewelry, the Group has no significant credit risk as the transaction amounts are required to be settled immediately upon the delivery.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

Trade receivables (continued)

For sales of other metallic products, the Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis and the Group's exposure to bad debt is not significant. Normally, the Group obtains a part of advance receipts from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience over the past two years. These rates are adjusted to reflect differences between economic conditions during the period over which historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Credit risk arising from purchase deposits

As at 31 December 2023, the Group had purchase deposits of RMB47,346,000 (net of provision) (31 December 2022: RMB68,116,000) to suppliers to secure its supplies of mineral sand which is the major raw materials in the smelting process. The balance represented 1.60% of the total current assets at 31 December 2023 (31 December 2022: 2.09%). The purchase deposits will be recovered through purchases from these suppliers in future periods. In the event that these suppliers ceased to provide mineral sand to the Group, the Group may expose itself to significant credit risk arising from the recoverability of the purchase deposits and hence the profitability will be adversely affected.

As at 31 December 2023, the Group's purchase deposits of RMB750,618,000 (2022: RMB750,618,000) were individually determined to be impaired (see note 28(c)). Management of the Group will continue to monitor the progress of the recoverability of the purchase deposits and chase for settlement of the outstanding balances from the suppliers regularly.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(a) Credit risk (continued)

Credit risk arising from purchase deposits (continued)

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance, and discounted and endorsed bills with full recourse which were derecognised by the Group (see note 28).

Except for the financial guarantees given by the Company and a subsidiary, as set out in note 37(b), the Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables and purchase deposits are set out in note 28.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient funding to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

The Group closely monitors cash flow requirements and optimising its cash return. The Group prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial, and capital obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk (continued)

Other than discounted and endorsed bills with full recourse which were derecognised by the Group, the following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

Group	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 Dec RMB'000
2023						
Bank and other borrowings	**2,725,108**	**128,000**	**–**	**–**	**2,853,108**	**2,853,108**
Lease liabilities	**6,349**	**3,360**	**8,309**	**5,740**	**23,758**	**20,120**
Financial liabilities at FVTPL	**53,213**	**–**	**–**	**–**	**53,213**	**53,213**
Trade and other payables	**1,076,067**	**45,983**	**119,793**	**103,489**	**1,345,332**	**1,274,337**
	3,860,737	**177,343**	**128,102**	**109,229**	**4,275,411**	**4,200,778**
2022						
Bank and other borrowings	3,594,065	101,611	–	–	3,695,676	3,671,749
Lease liabilities	13,455	5,658	6,920	8,010	34,043	29,501
Financial liabilities at FVTPL	13,054	–	–	–	13,054	13,054
Trade and other payables	787,935	35,787	107,361	129,361	1,060,444	1,005,458
	4,408,509	143,056	114,281	137,371	4,803,217	4,719,762

Note: Further information on management's plans to manage the Group's liquidity needs is set out in note 3.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. Management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise. The Group's interest rate profile as monitored by management is set out below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings at the end of the reporting period, after taking into account the effect of swap contracts.

	2023		2022	
	Effective interest rate %	**RMB'000**	Effective interest rate %	RMB'000
Net fixed rate borrowings				
Bank loans and other borrowing	**1.10–5.20**	**2,533,108**	1.95–6.25	3,512,248
Lease liabilities	**4.90**	**20,120**	4.90	29,501
		2,553,228		3,541,749
Net variable rate borrowings				
Bank loans and other loans	**3.75–4.00**	**320,000**	3.85–4.85	159,501
Less: Cash and cash equivalents	**0.05–4.10**	**(256,724)**	0.05–4.20	(176,186)
Pledged deposits	**0.05–2.60**	**(699,880)**	0.05–2.70	(1,422,724)
		(636,604)		(1,439,409)
Total net borrowings		**1,916,624**		2,102,340
Net fixed rate borrowings as a percentage of total net borrowings		**133%**		168%

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

The Group does not account for any fixed rate borrowings at FVTPL. Therefore a change in interest rate at the reporting date would not affect profit or loss.

As at 31 December 2023, it is estimated that a general increase/decrease of 100 basis points in variable interest rates, with all other variables held constant, would decrease/increase the Group's net profit for the year and retained earnings by approximately RMB4,775,000 (2022: RMB10,796,000). This sensitivity analysis has been determined assuming that the change in interest rates had occurred at the end of reporting period and the change was applied to the Group's variable rate borrowings at that date with exposure to cash flow interest rate risk. The impact on the Group's net profit and retained earnings is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2022.

(d) Commodity price risk

Gold price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of gold.

The Group entered into forward and futures contracts for the sale of gold. All forward and future commodity contracts can only be carried out under the approval of the General Manager's Office which is composed of top management of the Company and established by the Board of Directors of the Company. As approved by the Board of Directors of the Company, the holding position of gold underlying the exposure positions of forward and future contracts should not exceed certain percentage of annual gold planned production volume of the Group, respectively. In addition, the price range of the forward and future commodity contracts is closely monitored by the General Manager's Office. As at 31 December 2023 and 2022, most forward and future commodity contracts had been closed out. The details of exposure positions of forward and future contracts are set out in note 39(h).

Accordingly, a reasonably possible fluctuation of 10% in commodity prices would have no significant impact on the Group's net profit and retained earnings for the year.

(e) Foreign currency risk

The Group is exposed to currency risk primarily through cash and cash equivalent, trade and other receivables, trade and other payables and bank and other borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars ("USD"). In addition, as the Hong Kong dollar ("HKD") is pegged to the USD, the Group considers the risk of movements in exchange rates between the HKD and the USD to be insignificant.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entities to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currency (expressed in RMB)	
	USD2023	USD2022
	RMB'000	RMB'000
Trade and other receivables	**594,071**	1,172,792
Financial assets at FVTPL	**3,191**	—
Cash and cash equivalents	**14,384**	4,880
Trade and other payables	**(87,549)**	(773)
Bank and other borrowings	**—**	(124,891)
Overall net exposure	**524,097**	1,052,008

(i) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2023		2022	
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in profit after tax and increase (decrease) in retained profits**	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax and increase (decrease) in retained profits
	%	**RMB'000**	%	RMB'000
USD	**10**	**39,307**	10	78,901
	(10)	**(39,307)**	(10)	(78,901)

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Exposure to currency risk (continued)

(i) Sensitivity analysis (continued)

Result of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations in the Group's presentation currency. The analysis is performed on the same basis for 2022.

(g) Procurement risk of raw material

During the year ended 31 December 2023, the Group's supplies of direct materials from independent third parties for smelting segment represent 55.76% (2022: 79.2%) of the Group's total direct materials, in which, the top five suppliers in 2023 represent 49.61% (2022: 55.4%) of the Group's total direct materials. Although the Group believes that it maintains good relationships with its suppliers, there can be no assurance that its suppliers will continue to sell to the Group on normal commercial terms as and when needed. In the event that these suppliers cease to sell to the Group and the Group could not secure other sources of supply, the Group's revenue and profitability will be adversely affected.

(h) Fair value measurement

(i) Financial assets and liabilities carried at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
Level 2 valuations:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
Level 3 valuations:	Fair value measured using significant unobservable inputs

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(h) Fair value measurement (continued)

(i) Financial assets and liabilities carried at fair value (continued)

Fair value hierarchy (continued)

The Group has a team headed by the finance manager performing valuations for the financial instruments. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year, to coincide with the reporting dates.

		Fair value measurements as at 31 December 2023 categorised into		
	Fair value at 31 December 2023 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets at FVTPL:				
— Unlisted equity securities	5,398	–	–	5,398
— Money Market Fund	3,191	3,191	–	–
Financial liabilities at FVTPL:				
— Gold future and forward	(14,786)	(14,786)	–	–
— Gold lease contracts	(38,427)	(38,427)	–	–

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(h) Fair value measurement (continued)

(i) Financial assets and liabilities carried at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2022 RMB'000	Fair value measurements as at 31 December 2022 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets at FVTPL:				
— Unlisted equity securities	4,520	–	–	4,520
Financial liabilities at FVTPL:				
— Gold future and forward	(13,054)	–	(13,054)	–

Note:

At 31 December 2023, the exposure positions of gold future and forward contracts were 2,418kg (2022:1,645kg) and the value of these contract was approximately RMB1,161,085,000 (2022: RMB673,677,000). The closing date was not determined when the Group entered into these contracts.

During the year ended 31 December 2023, there were no transfers between Level 1 and Level 2 (2022: Nil), or transfers into or out of Level 3 (2022: Nil).

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(h) Fair value measurement (continued)

(i) Financial assets and liabilities carried at fair value (continued)

Information about Level 3 fair value measurements

The fair value of unlisted equity securities is determined using the price/sales ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

	Valuation techniques	**Significant unobservable inputs**
Unlisted equity securities	Market comparable companies	Discount for lack of marketability

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2022 and 2023.

40. SEGMENT REPORTING

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

Mining — PRC — Gold mining and mineral ores processing operations in the PRC.

Mining — KR — Gold mining and mineral ores processing operations in the KR.

Smelting — Gold and other metal smelting and refinery operations carried out in the PRC.

Retailing — Gold and other jewellery retailing operations in the PRC.

40. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities

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

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

40. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

	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
Revenue from external customers	**36,156**	11,834	**1,554**	28,098	**10,562,811**	10,127,918	**14,078**	17,014	**10,614,599**	10,184,864
Inter-segment revenue	**2,267,454**	1,757,959	**153,379**	195,081	**63,486**	–	**13,039**	–	**2,497,358**	1,953,040
Sales taxes and levies	**(57,978)**	(444)	**(15,146)**	(55,695)	**(7,560)**	(2,088)	**(234)**	(179)	**(80,918)**	(58,406)
Reportable segment revenue	**2,245,632**	1,769,349	**139,787**	167,484	**10,618,737**	10,125,830	**26,883**	16,835	**13,031,039**	12,079,498
Reportable segment profit/(loss)	**808,030**	516,640	**(97,981)**	(4,994)	**(9,500)**	22,812	**419**	8,365	**700,968**	542,823
Reportable segment assets	**2,987,981**	3,006,338	**516,552**	608,581	**2,487,867**	2,372,134	**17,292**	25,316	**6,009,692**	6,012,369
Reportable segment liabilities	**1,340,710**	1,422,657	**1,632,462**	1,606,580	**2,234,383**	2,049,335	**6,359**	14,405	**5,213,914**	5,092,977
Other segment information										
Interest expenses	**(116,931)**	(20,428)	**(2,359)**	(2,121)	**(2,697)**	(32,574)	**(390)**	–	**(122,377)**	(55,123)
Depreciation and amortisation for the year	**(231,956)**	(219,970)	**(29,011)**	(27,613)	**(25,518)**	(25,937)	**(134)**	–	**(286,619)**	(273,520)
(Provision)/reversal of impairment on:										
– property, plant and equipment	**–**	(48,160)	**–**	–	**–**	–	**–**	–	**–**	(48,160)
– intangible assets	**(40,047)**	(21,215)	**–**	–	**–**	–	**–**	–	**(40,047)**	(21,215)
– right-of-use assets	**–**	(17,520)	**–**	–	**–**	–	**–**	–	**–**	(17,520)
– purchase deposits	**–**	–	**–**	–	**–**	(9,106)	**–**	–	**–**	(9,106)
– other non-current assets	**–**	(8,000)	**–**	–	**–**	–	**–**	–	**–**	(8,000)
– trade and other receivables	**(869)**	56	**–**	–	**–**	(6,000)	**–**	–	**(869)**	(5,944)
– prepayment	**–**	(808)	**–**	–	**–**	–	**–**	–	**–**	(808)

40. SEGMENT REPORTING (continued)

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

	2023 RMB'000	2022 RMB'000
Revenue		
Reportable segment revenue	**13,031,039**	12,079,498
Elimination of inter-segment revenue	**(2,497,358)**	(1,953,040)
Consolidated revenue	**10,533,681**	10,126,458
Profit or loss		
Reportable segment profit	**700,968**	542,823
Elimination of inter-segment profits	**(8,434)**	7,304
Reportable segment profit derived from the Group's external customers	**692,534**	550,127
Other net loss	**(63,131)**	(48,561)
Share of loss of an associate	**(2,619)**	(2,415)
Finance costs	**(160,795)**	(132,894)
Unallocated head office and corporate expenses	**(47,754)**	(59,749)
Consolidated profit before taxation	**418,235**	306,508
Income tax	**(124,208)**	(76,238)
Profit for the year	**294,027**	230,270

40. SEGMENT REPORTING (continued)

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

	2023 RMB'000	2022 RMB'000
Assets		
Reportable segment assets	6,009,692	6,012,369
Elimination of inter-segment receivables	(440,554)	(366,844)
Elimination of unrealised profits	(116,189)	(98,415)
	5,452,949	5,547,110
Interest in associates	–	26,205
Financial assets at FVTPL	8,589	4,520
Cash and cash equivalents, and pledged deposits managed by head office	771,449	747,020
Unallocated head office and corporate assets	603,163	579,048
Consolidated total assets	6,836,150	6,903,903
Liabilities		
Reportable segment liabilities	5,213,914	5,092,977
Elimination of inter-segment payables	(440,552)	(366,844)
	4,773,362	4,726,133
Unallocated head office and corporate liabilities	(373,766)	279,188
Consolidated total liabilities	4,399,596	5,005,321

41. MATERIAL RELATED PARTY TRANSACTIONS

During the year ended 31 December 2023, the Directors are of the view that the following companies are material related parties of the Group:

Name of party	Relationship
D&R Investment 達仁投資管理集團股份有限公司	Major shareholder of the Group
Lingbao Wason Copper-Foil Company Limited 靈寶華鑫銅箔有限責任公司 ("Wason Copper-Foil")	Entity controlled by D&R Investment
Shenzhen Londian Electrics Company Limited 深圳龍電電氣股份有限公司 ("Shenzhen Londian")	Entity controlled by D&R Investment
D&R International Capital Management (Hong Kong) Limited 達仁國際資本管理(香港)有限公司 ("D&R Hong Kong")	Entity controlled by D&R Investment
Henan Daren mineral products supply chain management Co., Ltd 河南省達仁礦產品供應鏈管理有限公司 ("D&R Henan")	Entity controlled by D&R Investment

The English translation of the names is for reference only. The official names of these entities are in Chinese.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 12 is as follows:

	2023 RMB'000	2022 RMB'000
Short-term employee benefits	**7,711**	8,265
Post-employment benefits	**231**	281
	7,942	8,546

Total remuneration is included in "staff costs" (see note 9).

41. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Material transactions with related parties

	2023 RMB'000	2022 RMB'000
Loan from shareholders		
D&R Investment *(note 35)*	–	30,000
Guarantee charge		
D&R Investment *(note 41(d))*	8,990	10,990
Purchases of other metals		
D&R Henan	7,504	5,000
Payment on behalf of the Company		
D&R Investment	–	353
Rental income		
Shenzhen Londian	424	2,543
D&R Hong Kong	–	1,774
Interest expense		
D&R Investment	–	293

41. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

As at the end of each reporting period, the Group had the following balances with related parties:

	2023 RMB'000	2022 RMB'000
Amounts due from related parties		
D&R Investment	**470**	–
D&R Hong Kong	**–**	923
D&R Henan	**5,336**	5,000
Amounts due to related parties		
Shenzhen Londian	**443**	443
D&R Investment	**–**	42
D&R Hong Kong	**–**	3,772
Wason Copper-Foil	**–**	86

(d) Guarantee issued by related parties

During the year ended 31 December 2023, D&R Investment issued maximum guarantees amounting to RMB585,990,000 to several banks in respect of bank and other borrowings (see note 31), bank acceptance bills and letter of credit of the Company (2022: RMB1,085,000,000).

In 2021, the Company and D&R Investment entered into an agreement for guarantee charge in relation to the above guarantees issued by D&R Investment. The guarantee charge was calculated based on the principals of unpledged bank and other borrowings with annual fee rate of 1%. For the bank and other borrowings pledged by deposits, inventories or long-term assets, no guarantee charge was occurred during the year ended 31 December 2023.

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions with D&R Investment and the subsidiaries of D&R Investment constitute connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected transactions" of the Directors' Report.

42. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2023 RMB'000	2022 RMB'000
Non-current assets		
Property, plant and equipment	**874,611**	884,609
Construction in progress	**241,919**	130,590
Intangible assets	**418,218**	417,932
Right-of-use assets	**41,036**	96,538
Interests in subsidiaries	**2,020,446**	2,306,253
Interests in associates	**–**	26,206
Other financial assets	**–**	4,520
Non-current prepayments	**7,425**	3,695
Deferred tax assets	**514,707**	500,354
	4,118,362	4,370,697
Current assets		
Inventories	**1,326,060**	919,670
Trade and other receivables, deposits and prepayments	**572,655**	291,755
Amounts due from subsidiaries	**–**	130,880
Pledged deposits	**699,880**	1,388,756
Cash and cash equivalents	**71,569**	118,760
	2,670,164	2,849,821
Current liabilities		
Bank and other borrowings	**1,890,990**	2,044,248
Trade and other payables	**2,098,140**	396,698
Lease liabilities	**–**	8,415
Contract liabilities	**2,173**	2,247
Current tax payable	**9,089**	40,896
Amounts due to subsidiaries	**–**	2,048,632
	4,000,392	4,541,136
Net current liabilities	**(1,330,228)**	(1,691,315)
Total assets less current liabilities	**2,788,134**	2,679,382

42. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (continued)

	2023 RMB'000	2022 RMB'000
Non-current liabilities		
Bank and other borrowings	**128,000**	100,000
Other payables	**325,054**	280,417
Lease liabilities	**11,902**	10,895
Deferred tax liabilities	**11,762**	306
	476,718	391,618
NET ASSETS	**2,311,416**	2,287,764
CAPITAL AND RESERVES		
Share capital	**236,804**	172,850
Reserves	**2,074,612**	2,114,914
TOTAL EQUITY	**2,311,416**	2,287,764

FIVE YEARS FINANCIAL SUMMARY

The consolidated results, assets and liabilities of the Group for the last five financial years as extracted from the audited financial statements of the Group are summarised below:

	Year ended 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Assets and liabilities					
Non-current assets	**3,871,596**	3,644,298	3,768,035	3,129,363	3,038,076
Net current liabilities	**(741,768)**	(1,238,716)	(1,524,226)	(1,323,136)	(977,769)
Total assets less current liabilities	**3,129,828**	2,405,582	2,243,809	1,806,227	2,060,307
Non-current liabilities	**(693,274)**	(507,000)	(495,613)	(195,206)	(557,285)
NET ASSETS	**2,436,554**	1,898,582	1,748,196	1,611,021	1,503,022
CAPITAL AND RESERVES					
Share capital	**236,804**	172,850	172,850	172,850	172,850
Reserves	**2,425,347**	1,931,543	1,756,181	1,610,298	1,479,486
Total equity attributable to equity shareholders of the Company	**2,662,151**	2,104,393	1,929,031	1,783,148	1,652,336
Non-controlling interests	**(225,597)**	(205,811)	(180,835)	(172,127)	(149,314)
TOTAL EQUITY	**2,436,554**	1,898,582	1,748,196	1,611,021	1,503,022
Operating results					
Revenue	**10,533,681**	10,126,458	5,330,611	5,599,947	5,874,357
Profit/(loss) from operations	**581,649**	441,817	305,326	286,739	(20,768)
Finance costs	**(160,795)**	(132,894)	(138,548)	(164,522)	(182,464)
Profit/(loss) before taxation	**418,235**	306,508	172,867	122,217	(203,232)
Income tax	**(124,208)**	(76,238)	(55,228)	(64,896)	(48,609)
Profit/(loss) for the year	**294,027**	230,270	117,639	57,321	(251,841)
Attributable to:					
Equity shareholders of the Company	**318,082**	240,222	130,026	89,700	(233,502)
Non-controlling interests	**(24,055)**	(9,952)	(12,387)	(32,379)	(18,339)
Profit/(loss) for the year	**294,027**	230,270	117,639	57,321	(251,841)