



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)

2024 INTERIM REPORT



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CORPORATE INFORMATION

DIRECTORS*

Executive Directors

Mr. Chen Jianzheng (*Chairman*)
 Mr. Xing Jiangze (*Vice-Chairman*)
 Mr. He Chengqun (*President*)
 Mr. Wu Liming
 Ms. Zhao Li

Non-executive Directors

Mr. Zhang Feihu
 Mr. Wang Guanran

Independent Non-executive Directors

Mr. Yeung Chi Tat
 Mr. Bo Shao Chuan
 Mr. Guo Michael Xinsheng
 Mr. Tan Chong Huat

SUPERVISORS*

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

STRATEGY COMMITTEE

Mr. Chen Jianzheng (*Chairman*)
 Mr. Xing Jiangze
 Mr. He Chengqun
 Mr. Wu Liming
 Ms. Zhao Li
 Mr. Bo Shao Chuan

AUDIT COMMITTEE

Mr. Yeung Chi Tat (*Chairman*)
 Mr. Zhang Feihu
 Mr. Tan Chong Huat
 Mr. Bo Shao Chuan
 Mr. Guo Michael Xinsheng

NOMINATION COMMITTEE

Mr. Bo Shao Chuan (*Chairman*)
 Mr. Chen Jianzheng
 Mr. Wang Guanran
 Mr. Tan Chong Huat
 Mr. Guo Michael Xinsheng

REMUNERATION AND REVIEW COMMITTEE

Mr. Tan Chong Huat (*Chairman*)
 Mr. Xing Jiangze
 Ms. Zhao Li
 Mr. Bo Shao Chuan
 Mr. Guo Michael Xinsheng

COMPANY SECRETARY

Mr. Chui Man Lung Everett

AUTHORISED REPRESENTATIVES

Mr. Chen Jianzheng
 Mr. Chui Man Lung Everett

INTERNATIONAL AUDITOR

BDO Limited
 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
 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

FenXun Partners, Beijing Office
 Henan Xiaohan Law Firm

* Note: The term of seventh session of the Board and the Supervisory Committee was expired on the annual general meeting of the Company on 29 May 2024. The above Directors and Supervisors were duly elected for the eighth session of the Board and the Supervisory Committee at that meeting. For details of the changes, please refer to page 20 to page 21 of this Interim Report.

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
 Export-import Bank of China, Henan 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
 Leighton Centre
 77 Leighton Road
 Causeway Bay, Hong Kong

STOCK INFORMATION

Stock Code	:	3330
Listing Date	:	12 January 2006
Issued Shares	:	676,500,964 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

INVESTOR RELATIONS CONTACT

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MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS AND PROSPECT

In the first half of 2024, the Group produced approximately 7,950 kg (equivalent to approximately 255,580 ounces) of gold bullion, representing a decrease of approximately 5,068 kg (equivalent to approximately 162,935 ounces) as compared with the corresponding period of the previous year. The decrease in the production volume of gold bullion was primarily due to the combined effect of the facts that the Group's mine production was affected by the unified regulatory requirements imposed by relevant authorities of Henan Province on mining enterprises across the province, and the Group took the initiative to reduce the procurement and production volume of compound gold in the first half of the year. For the Current Period, the Group's revenue decreased by approximately 26.67% to approximately RMB4,281,228,000 as compared with that of the corresponding period of the previous year, due to an overall decrease in the production of gold bullion. Despite the lower production volume of gold bullion, the net profit of the Group for the Current Period was approximately RMB152,658,000 (six months ended 30 June 2023: net profit of RMB120,467,000), among which, the Company's operating mines were all profitable for the first time, thanks to an increase in the sales price of gold. The basic earnings per share of the Company for the Current Period was RMB0.13 (six months ended 30 June 2023: RMB0.16).

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 37 mining and exploration rights as at 30 June 2024, covering 217.88 square kilometers. The total gold reserves and resources as at 30 June 2024 were approximately 136.34 tonnes (4,383,013 ounces).

1. Mining Segment

Revenue and production

Our mining business mainly comprises the sales of gold concentrates and compound gold. Most of the gold concentrates and compound gold were sold to the Group's smelting plant as intra-group sales.

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

	Unit	For the six months ended 30 June			
		2024		2023	
		Approximate production volume	Approximate sales volume	Approximate production volume	Approximate sales volume
Gold concentrates (contained gold)	kg	1,456	1,378	2,556	2,642
Compound gold	kg	348	347	368	350
Total	kg	1,805	1,725	2,924	2,992
Total	Ounce	58,022	55,465	94,007	96,193

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's total revenue from the mining segment for the Current Period was approximately RMB778,098,000, representing a decrease of approximately 37.56% from approximately RMB1,246,110,000 for the corresponding period in 2023, decrease in revenue from the mining was mainly due to: (1) Full Gold Mining Limited Liability Company ("**Full Gold**"), Chifeng Jinchan Mining Company Limited ("**Jinchan**") strengthened their exploration and mining efforts, resulting in a period-on-period increase in both production and revenue; Habahe Huatai Gold Company Limited ("**Huatai**") maintained stable production, and saw an increase in revenue period-on-period due to higher gold prices; (2) the Group's Nanshan branch and Tongbai Xingyuan Mining Company Limited ("**Xingyuan**") were affected by the unified regulatory requirements of Henan Province, resulting in a period-on-period decrease in both production and revenue. Among them, revenue from Mining — PRC was approximately RMB706,577,000 (six months ended 30 June 2023: RMB1,177,612,000), and revenue from Mining — KR was approximately RMB71,521,000 (six months ended 30 June 2023: RMB68,498,000). During the Current Period, the turnover in Henan, Xinjiang, KR and Inner Mongolia accounted for approximately 61.49%, 22.32%, 9.19% and 7% of the total turnover from the mining segment, respectively. Compared to the corresponding period of the previous year, the production of compound gold in mining segment decreased by approximately 20 kg to approximately 348 kg, while the production of gold concentrates decreased by approximately 1,099 kg to approximately 1,456 kg during the Current Period.

Segment results

The Group's total profit of the mining segment for the Current Period was approximately RMB273,277,000, representing a decrease of approximately 32.38% as compared with the total profit of approximately RMB404,156,000 for the corresponding period in 2023, among which, the profit from Mining — PRC was approximately RMB267,377,000 (six months ended 30 June 2023: RMB519,190,000), and the profit from Mining — KR was approximately RMB5,900,000 (six months ended 30 June 2023: loss of approximately RMB115,034,000). The segment result to segment revenue ratio of the Group's mining segment for the Current Period was approximately 35.12%, compared with approximately 32.43% in the corresponding period in 2023.

During the Current Period, the profit of the Mining — PRC segment significantly decreased by approximately 48.50% as compared with that in the corresponding period in 2023, mainly attributable to the period-on-period decrease in production volume and revenue of Nanshan branch and Xingyuan as a result of the impact of unified regulatory requirements of Henan Province. However, various mines continued to optimize their production, strengthen mining and exploration and refine management, among which, Jinchan and Huatai recorded an increase in revenue as compared with that in the corresponding period of the last year. The overall production volume decreased as compared with that in the corresponding period in 2023. The Group completed the production of 1,502 kg of gold concentrates (contained gold) and compound gold in the first half of 2024, representing a decrease of 1,180 kg and a period-on-period decrease of 44.01%.

During the Current Period, thanks to increase in profit by strengthening mining and exploration, increasing production volume and focusing on refine management, the Mining — KR segment, being Full Gold Mining Limited Liability Company, recorded revenue of RMB5,900,000 (30 June 2023: segment loss of approximately RMB115,034,000).

Based on the above, the production volume of the Group's mining segment decreased as compared with that of the corresponding period in 2023, and the overall profit of the mining segment decreased by approximately 32.38% as compared with that of the corresponding period in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Smelting Segment

The Group's existing melting plant is situated in Henan Province, and is capable of processing gold, silver, copper products and sulphuric acid. Its main products include gold bullion, silver, copper products and sulphuric acid. The following table sets forth the analysis on the production and sales volume of the smelting segment by product category:

	Unit	For the six months ended 30 June			
		2024		2023	
		Approximate production volume	Approximate sales volume	Approximate production volume	Approximate sales volume
Gold bullion (processed from gold concentrates)	kg	4,802	4,795	5,278	5,000
	ounce	154,373	154,153	169,689	160,750
Gold bullion (processed from compound gold purchased externally)	kg	3,148	3,119	7,740	8,009
	ounce	101,207	100,275	248,843	257,489
Silver	kg	4,785	4,860	11,556	10,168
	ounce	153,837	156,249	371,525	326,901
Copper products	tonne	775	792	2,259	2,404
Sulphuric acid	tonne	53,165	51,597	52,322	55,769

Sales and production

The Group's total revenue from the smelting segment for the Current Period was approximately RMB4,291,005,000, representing a decrease of approximately 26.81% from approximately RMB5,862,544,000 for the corresponding period in 2023.

The decrease in the total revenue of the smelting segment for the Current Period was mainly due to the decrease in production volume of the mining segment, as well as the reduction in the quantity of compound gold purchased and produced in accordance with the Group's requirements, which collectively resulted in a decrease in the period-on-period revenue.

Segment results

The Group's smelting segment recorded a loss of RMB24,444,000 for the Current Period, compared to a loss of approximately RMB28,707,000 for the corresponding period in 2023. The smelting segment recorded a decrease in overall losses, benefiting from a period-on-period increase in the price of by-products including silver, copper products and sulphuric acid, and the measures of cost reduction and efficiency enhancement.

CONSOLIDATED OPERATING RESULTS

Revenue

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

Product name	For the six months ended 30 June					
	2024			2023		
	Amount (RMB'000)	Sales volume	Average unit price (RMB per kg/tonne)	Amount (RMB'000)	Sales volume	Average unit price (RMB per kg/tonne)
Gold bullion	4,063,064	7,914 kg	513,402	5,546,828	13,018 kg	426,089
Silver	29,642	4,860 kg	6,099	48,324	10,168 kg	4,753
Copper products	51,456	792 tonnes	64,970	143,051	2,404 tonnes	59,507
Sulphuric acid	2,419	51,597 tonnes	47	1,787	55,769 tonnes	32
Gold concentrates	169,476	332 kg	510,470	91,883	253 kg	363,174
Others	4,463			38,352		
Revenue before tax	4,320,520			5,870,225		
Less: Sales taxes and levies	(39,292)			(31,642)		
	4,281,228			5,838,583		

The Group's revenue for the Current Period was approximately RMB4,281,228,000, representing a decrease of 26.67% as compared with the corresponding period in 2023. The decrease was primarily attributable to compound gold purchased externally and a decrease in the production volume of the mining segment.

Gross profit and gross profit margin

The Group's gross profit and gross profit margin for the Current Period were RMB407,686,000 and 9.52%, respectively, and the gross profit and gross profit margin for the corresponding period of the previous year were RMB355,376,000 and 6.09%, respectively. The increase in gross profit margin was due to an improvement in the gross profit of Full Gold, a turnaround to profit of Jinchan and a decrease in the loss of the smelting segment.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND PLANNING FOR THE SECOND HALF OF 2024

Since the beginning of this year, gold prices have continued to rise, with international spot gold prices reaching new highs in recent years, providing favorable conditions for the steady development of the Group. From the perspective of the internal environment, the Group has deepened internal reforms, and a series of significant reform measures have gradually been implemented and shown results, which laid a solid foundation for the achievement of our work objectives in the second half of the year and for future development. In the second half of the year, we will maintain unwavering confidence in our development while preparing to tackle various challenges, strive to seek opportunities amidst uncertainties, and seize initiative to gain an advantage.

I. To consolidate the current positive development trend and organize the production and operation as well as mineral exploration and reserves enhancement in the second half of the year.

In the first half of the year, the Group continued to increase investment in the development of key mining enterprises, with a total of RMB95 million invested for their resource exploration, safety and environmental protection, technological innovation, application and promotion of new technologies and other aspects. As a result, both resource exploitation efficiency and utilization rate were effectively enhanced while the safety risk was reduced. Specifically, with an increasing mechanization level, the monthly one-side excavation length of Huatai and Nanshan branch has increased to 150m from 50m and 80m respectively. The transformation project of flotation machines has raised the recovery rate of ore processing of Xingyuan to 92.8%. Through optimization of production organization and management, Full Gold completed the construction of excavation project of 7,139.19 meters, with a new high record for ore output in the first half of the year. Besides, through various technical and engineering upgrades, key production capacities of mines such as Nanshan branch's hoisting capability and Huatai's grinding volume improved significantly in the first half of the year.

In the second half of the year, the Group will make good use of the current favorable market conditions, strictly organize production, strengthen cost control, and at the same time accelerate the renovation and upgrading of equipment and facilities and the construction of related projects in our mines, so as to lay a solid foundation for increasing production and efficiency.

Meanwhile, in order to further intensify mineral exploration and reserves enhancement, thereby ensuring the achievement of the Group's long-term strategies, in the second half of the year, the Group will strengthen the comprehensive research on the metallogenic potential of existing mining rights, increase efforts to explore quality mining rights, and further optimize the asset portfolio of mining rights. Therefore, we will, among others, cooperate with domestic well-known research institutions and exploration units and increase investment in the mining rights with great metallogenic potential; dispose of the mining rights that cannot meet the requirements under the Company's development strategy for optimization, and invest in the mining rights with greater scale and higher quality through continuous merger and acquisition. The Group will also formulate an exploration plan for a term of three years for Lingjin No. 1 Mine, the major production base of Nanshan branch, intending to make an investment of approximately RMB200 million as the exploration fund, with an aim to further enhance the reserves and production of the national renowned gold mine cluster in Xiaoqinling region, so as to solidify the Company's foundation for development and expansion.

II. To accelerate the “digitalization” transformation of production and speed up the construction of green mines (ESG).

The Group is steadily advancing the pace of intelligent mining, with a total of RMB21 million having been invested. The Group updated the dispatching and commanding center of Nanshan branch, Xingyuan, Jinchan and Huatai to integrate with the six systems of hoisting, transportation, ventilation, pressurized air, drainage, and power supply and distribution, realizing the unattended remote control of the six systems and the unified management and sharing of information. Ten gigabit industrial ring network, wireless WIFI coverage, accurate positioning of personnel, monitoring and controlling, and emergency broadcasting have been realized in underground mine.

In the first half of the year, the Group launched a transaction management system, which was integrated with the Yonyou NC financial system, achieving the effect of efficiency improvement and risk control. At the same time, in order to improve the efficiency of contract management and achieve comprehensive compliance management, the Group launched a contract management system to standardize the approval process and improve working efficiency.

In the first half of the year, the mine “MES” system was completed and put into use for the first time. The system connects various business processes such as mine planning, mining, transfer, processing, storage and sales, runs through the whole life cycle of mining and processing, and achieves the unification of ore flow, data flow and business flow. Currently, it has been put into trial operation in Nanshan branch and Xingyuan, and is planned to be launched in Huatai in mid-September this year, and the system construction of Full Gold will be launched in October. At the same time, the MES system of the smelting branch will also be completed in the second half of the year, further improving the overall digitization level of the Company.

In the second half of the year, the Group will continue to promote the “digitalization” transformation strategy of production for the digitization and intellectualization of the entire process, so as to strengthen production and operational effectiveness and accelerate production and operation activities and achieve management upgrading.

The Group adheres to the development concept of mutual growth and cares for the interests of all parties involved in the project locations. We have constructed a new materials industrial park in Lingbao while simultaneously increasing our investments in Kyrgyzstan to promote local economic development, employment, and improvements in people’s livelihoods. We have also provided strong support in areas such as infrastructure, culture and education, rural revitalization, as well as sports and health, which has garnered widespread recognition and praise from all sectors of society.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group upholds the philosophy that “lucid waters and lush mountains are invaluable assets” and actively responds to the “dual carbon” goals. We fully fulfill our social responsibilities, promote green and sustainable development, and adhere to the principle of “extraction while restoration”. We have invested nearly RMB7 million to take practical and feasible restoration measures tailored to local conditions. In this way, 470 acres of vegetation have been restored, 27 acres of land have been rehabilitated, and 7,530 trees have been planted. Our ecological protection and restoration standard in mining areas has also been improved. In the second half of the year, the Group will continue to ensure the deep integration of environmental management with corporate governance, and further plan and advance the construction of its green mines. Key issues such as environment, ecology, water resources, safety, community, and corporate governance will be integrated throughout the entire process of mining activities to achieve a virtuous cycle of environmental, social, and economic benefits.

III. To strengthen the construction of headquarters platform and address key technical and management issues.

The Group will continue to strengthen our technical platform in terms of design, construction and geotechnical surveys, to give full play to the role of experts in solving key technical issues, with an aim to meet the needs of our subsidiaries for technical services and management. In the first half of the year, the Group organized experts in mining, metallurgy, electromechanics, safety and environment, finance and auditing to help enterprises solve technical and management issues in the first line, and carried out on-site services for more than 50 times, providing real-time professional guidance.

Under the guidance of the expert team, Huatai adjusted its mining methods in the first half of the year, and the grade of the ore extracted by Huatai using the cemented filling mining method was 17% higher than the average mining grade of Huatai in the same period. In the second half of the year, Huatai will increase the proportion of cemented filling mining, aiming to account for more than 65% of the annual plan by May next year. At the same time, Xingyuan built the first gold ore intelligent sorting system in China’s gold industry under the guidance of the expert team. Through the X-ray irradiation, body vision detection technology, big data deep learning technology, millisecond transmission and other artificial intelligence technology, the system can realize the intelligent sorting of ore and waste rock. After being put into use, the system effectively improved the feed grade by 0.2 grams and the waste rock throwing rate by 13.76%, and was honored as the second prize of Science and Technology Achievement Award by China Gold Association.

The smelting branch implemented a number of technological transformations such as replacement plate and frame gold sludge washing and zinc powder precious liquid purification with the advice and assistance of the expert team, which improved the quality of gold sludge and the leaching rate of smelted silver, and lowered the production cost of refining and smelting, and continued to push forward the greening upgrading and optimization of the process of electro-copper and wastewater treatment, in order to further enhance the level of environmental protection and reduce the cost of production.

Meanwhile, the Group introduced Deloitte and other leading management consulting firms in the first half of the year to comprehensively sort out and improve the Group’s human resources management system, process authorization system and internal control of branches and subsidiaries. In the second half of the year, the head office of the Group will continue to improve the management level of the Group through cooperation with leading consulting firms and absorbing cutting-edge advanced experience and excellent practices in the industry.

IV. To promote internal reforms and implement the strategy of developing a robust company through talents.

The Group has been adhering to the corporate philosophy of “putting talents first”. By constructing a talent pool of middle and senior talents in the nonferrous industry and enhancing the capability on searching for and recruiting top talents in the industry, the Group has not only successfully recruited dozens of senior and high-potential talents from the industry and benchmarking enterprises in related fields during the first half of the year, but also introduced management, finance and investment related talents from Deloitte, PricewaterhouseCoopers and other professional organizations. At the same time, the Group has also attracted technology talents from technology enterprises such as Accenture and Tencent. In the second half of the year, the Group will keep on strengthening its employer branding and continue to promote its employer branding in industry forums, universities and other channels in order to attract the attention of more outstanding talents.

Meanwhile, the Group aims to rejuvenate its cadres by selecting more than 10 young middle-level cadres with strong business capability and high comprehensive quality to take up key positions in major mining enterprises, and continues to increase the proportion of professional, young and highly educated personnel by introducing fresh graduates.

Adhering to the principle and mindset of “value creation, loyalty integration, focus on talents and long-term retention”, the Group will actively promote the share incentive scheme for eligible persons in order to provide incentives and rewards to eligible persons for their contributions, retain eligible persons to serve the Group and attract key talents for the Group’s further development.

In the second half of the year, the Group will continue to optimize staffing and improve the matching of employees and positions through scientific posting and a sound cadre selection mechanism to maximize the efficiency of human resources. The Group will continue to improve the remuneration system and realize full performance appraisal to stimulate the motivation of employees.

V. To steadfastly implement the “going global” strategy.

The Group will steadfastly implement the “going global” strategy and focus on making effective progress in resource M&A, exploration and management, ensuring that the Group realizes the strategic objective of increasing resource reserves.

In the first half of the year, the Group established an Overseas Business Department, which is fully responsible for the entire process of overseas project collection and screening, preliminary assessments, selection of intermediaries, on-site due diligence, business negotiations, and contract signing and handover. The department would also form operational teams for prospective projects, which may further strengthen the Group’s efforts in overseas resource M&A. The Overseas Business Department has organized teams to conduct seven on-site due diligence and assessments in regions such as the South Pacific and Southern Africa.

In the second half of the year, the Group will enhance its team of professionals in overseas M&A, as well as exploration and development, including experts in geology, mining, mineral processing, investment, legal affairs, commerce, and geoinformatics. The Group will conduct more project assessments focused on key resource M&A areas in the South Pacific, Southern Africa and West Africa, aiming to secure new resource development bases overseas through investments or M&As.

MANAGEMENT DISCUSSION AND ANALYSIS

VI. To continuously intensify safety and environmental protection efforts.

In the first half of the year, the Group strictly adhered to national safety production and environmental protection laws and regulations, as well as superior policies, comprehensively advanced the processing of licenses and safety special operations, thus the safety and environmental protection situation of the Company remained stable and under control, with no major accidents occurring. During the first half of the year, the Group invested a total of RMB41.82 million in improving safety protection addressing hidden risks, promoting the application of new technologies and equipment, assessing and monitoring hazardous sources, obtaining safety licenses, maintenance of closed tailings ponds, and environmental protection projects. Among which, the Group led the establishment of an inspection team to provide on-site guidance for the work and production resumption of Xingyuan, which successively passed the safety inspections at county, city, and provincial levels, becoming the first mining enterprise to resume operations in Nanyang City after the Spring Festival.

Meanwhile, the smelting branch adhered to the control of sulfur dioxide, nitrogen oxide, etc. in daily operation to ensure the minimization of exhaust emissions and stable monitoring data, and initiated the cyanide-containing wastewater desalination project to conduct in-depth treatment of cyanide-containing wastewater, metallurgy wastewater and denitrification wastewater in the system. Regarding solid waste disposal, the Group had continued to increase production and construction investments in Lingbao Xinan Solid Waste Disposal Co., Ltd. (靈寶鑫安固體廢物處置有限責任公司) to ensure efficient and environment-friendly treatment of smelting residues.

In the second half of the year, the Group will continue to strengthen the supervision of safety and environmental protection risks, organize and carry out relevant special investigation and rectification, and strengthen supervision and assessment, so as to provide robust safeguards for the smooth progress of production.

FINANCIAL REVIEW**Liquidity and Financial Resources**

The Group generally finances its operations with internally generated funds, bank loans and loans from other financial institutions. The cash and cash equivalents as at 30 June 2024 amounted to RMB331,854,000 (31 December 2023: RMB256,724,000).

The total equity of the Company as at 30 June 2024 amounted to RMB2,612,111,000 (31 December 2023: RMB2,436,554,000). As at 30 June 2024, the Group had current assets of RMB3,898,174,000 (31 December 2023: RMB2,964,554,000) and current liabilities of RMB4,470,488,000 (31 December 2023: RMB3,706,322,000). The current ratio was 87.2% (31 December 2023: 80.0%).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the Group had total outstanding bank and other borrowings of approximately RMB3,844,529,000 (with interest rates ranging from 1.1% to 4.0% per annum). Approximately RMB3,544,224,000 should be repayable within one year and approximately RMB300,305,000 should be repayable over one year but within two years. The gearing ratio as at 30 June 2024 was 48.7% (31 December 2023: 41.7%), which was calculated by total borrowings divided by total assets.

As at 30 June 2024, the Group had unutilised banking facilities related to unsecured bank borrowings of approximately RMB626,970,000, which could be drawn down by the Group to finance its operation. Based on the past experience and the communication with banks, the Directors believes that the Company has the ability to renew or secure banking facilities upon maturity, to ensure its continuing operation for the 12-month period from 1 July 2024 to 30 June 2025.

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

- 1) Strengthening management and optimising production to continuously enhance the Company's profitability;
- 2) Strengthening the equity financing capabilities;
- 3) Broadening financing channels to stabilize the total amount of financing and reducing financing costs.

Security and Guarantee

For details of securities and guarantees of the Group as at 30 June 2024, please refer to Note 13 "Bank and Other Borrowings" to these financial statements in this report.

Market Risks

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

Gold price and other commodities price risk

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

Interest rate risk

The Group is exposed to risks associated with the fluctuation in interest rates on our debt obligations. The Group undertakes debt obligations for general corporate purposes such as support of capital expenditure and working capital requirements. The Group's bank loans bear interest rates that are subject to adjustment made by our lenders in accordance with changes of the relevant regulations of the People's Bank of China. If the People's Bank of China increases the interest rates, our finance costs will increase accordingly. In addition, to the extent that we may need to raise our debt financing in the future, upward fluctuations in interest rates will increase the cost of new debt.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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.

Contractual Obligations

As at 30 June 2024, the Group's total capital commitments in respect of the contracted costs which was not provided for in the financial statements was approximately RMB344,032,000 (31 December 2023: RMB376,043,000), representing a decrease of approximately RMB32,011,000.

Capital Expenditure

For the Current Period, the Group's capital expenditure was approximately RMB288,056,000, representing an increase of approximately 42.9% from approximately RMB201,619,000 for the corresponding period in 2023.

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

Contingent Liabilities

As at 30 June 2024, the Group had no material contingent liabilities.

Human Resources

The emolument policy of the employees of the Group is set up by the management on the basis of their merits, qualifications and competence.

As at 30 June 2024, the Group had an aggregate of 3,646 employees (as at 31 December 2023: 4,103 employees). 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 with reference to individual performance and prevailing market salary scale.

The Group is dedicated to the training and development of its employees, and provides its employees with abundant training opportunities and diversified training programs. The Group provides introductory training and orientation for all new employees, as well as on-the-job training to continually improve its employees' technical, professional and management skills. The Company has also developed salary incentive policies for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, who contribute to the success of the Group's operations.

Funding and Treasury Policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks and licensed financial institution. To manage liquidity risk, the Board of Directors closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Significant Investments

As at 30 June 2024, the Group did not hold any material investments.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the Current Period, there was no material acquisition or disposal of subsidiaries, associates or joint ventures.

Future Plans for Material Investments or Capital Assets

Save as disclosed otherwise in this report, the Group did not have any other future plans relating to material acquisitions, investments or capital assets as at the date of this report.



OTHER INFORMATION

SHARE CAPITAL

As at 30 June 2024, there was a total of share capital of 1,243,476,055 shares of the Company which includes:

	Number of shares	Approximate percentage of total share capital
Domestic shares	566,975,091	45.60%
H shares*	676,500,964	54.40%
Total	1,243,476,055	100.00%

* (i) Pursuant to a placing agreement entered into on 21 February 2024, 32,538,000 H shares at the price of HKD1.34 per H share were issued. The placement of share was completed on 28 February 2024. (ii) Pursuant to a placing agreement entered into on 17 April 2024, 26,916,800 H shares at the price of HKD3.02 per H share were issued. The placement of share was completed on 25 April 2024.

ISSUE FOR CASH OF EQUITY SECURITIES

During the six months ended 30 June 2024 under review and as at the date of this Interim 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	All net proceeds have been fully utilized according to the intended use.
21 February 2024 and 28 February 2024	Issue and allotment of 32,538,000 new H Shares under the General Mandate	HKD42.4 million	Procurement of gold concentrate for the production of gold bullion	None of the proceeds have been utilized as intended use. The proceeds are expected to be fully utilized on or before 31 January 2025 according to the intended use.

OTHER INFORMATION

Date of announcement/ circular/prospectus	Fund raising activity	Net proceeds raised (approximately)	Intended use of the net proceeds	Actual use of the net proceeds
17 April 2024 and 25 April 2024	Issue and allotment of 26,916,800 new H Shares under the General Mandate	HKD79.3 million	Procurement of gold concentrate for the production of gold bullion	None of the proceeds have been utilized as intended use. The proceeds are expected to be fully utilized on or before 31 January 2025 according to the intended use.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's shares (including sale of treasury shares) by the Company or any of its subsidiaries for the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any of treasury shares.

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

As at 30 June 2024, the following Director(s) or chief executive(s) 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 of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules").

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 (Non-executive Director)	Domestic shares	Interest of controlled corporation	185,339,000 (L) (note 2)	32.69%	—	14.90%
	H shares	Interest of controlled corporation	319,772,164 (L) (note 3)	—	47.27%	25.72%

OTHER INFORMATION

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 of the Company directly held by Jiesi Weiye. Jiesi Weiye is majority-owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran, a non-executive Director, and two limited liability partnerships which Mr. Wang Guanran is a 99% limited partner, respectively.
3. This represents the interests in 319,772,164 H shares of the Company directly held by Jiesi Industrial. Jiesi Industrial is directly held by Jiesi Dingxin. Jiesi Dingxin is directly held by Jiesi Weiye. Jiesi Weiye is majority-owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran, a non-executive Director, and two limited liability partnerships which Mr. Wang Guanran is a 99% limited partner, 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, as at 30 June 2024, 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' INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY

As at 30 June 2024, as far as the Directors are aware of, the following persons, other than the Directors and chief executives 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:

(i) Description of shares: Domestic shares

Name of shareholders	Nature of Interest	Number of shares held	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total share capital
Jiesi Weiye	Beneficial owner	185,339,000 (L) (note 2)	32.69%	14.90%
Lingbao State-owned Assets Operation Limited Liability Company (靈寶市國有資產經營有限責任公司)	Beneficial owner	73,540,620 (L)	12.97%	5.91%
Shanghai Zhengxi Investment Management Partnership (Limited Partnership) (上海正禧投資管理合夥企業(有限合夥))	Beneficial owner	57,000,000 (L)	10.05%	4.58%

OTHER INFORMATION

(ii) Description of shares: H shares

Name of shareholders	Nature of Interest	Number of shares held	Approximate percentage of the total issued H share capital	Approximate percentage of the total share capital
Jesi Industrial Development (Hong Kong) Limited (傑思實業發展(香港)有限公司) (“Jesi Industrial”)	Beneficial owner	319,772,164 (L) (note 3)	47.27%	25.72%
Shenzhen Jiesi Dingxin Holdings Limited (深圳杰思鼎欣控股有限公司) (“Jiesi Dingxin”)	Interest of controlled corporation	319,772,164 (L) (note 3)	47.27%	25.72%
Shenzhen Jiesi Weiye Holding Co., Ltd (深圳傑思偉業控股股份有限公司) (“Jiesi Weiye”)	Interest of controlled corporation	319,772,164 (L) (note 3)	47.27%	25.72%

Notes:

- “L” represents long position in Shares/underlying Shares and “S” represents short position in Shares.
- This represents the interests in 185,339,000 domestic shares of the Company directly held by Jiesi Weiye. Jiesi Weiye is majority-owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran, a non-executive Director, and two limited liability partnerships which Mr. Wang Guanran is a 99% limited partner, respectively.
- This represents the interests in 319,772,164 H shares of the Company directly held by Jesi Industrial. Jesi Industrial is directly held by Jiesi Dingxin. Jiesi Dingxin is directly held by Jiesi Weiye. Jiesi Weiye is majority-owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran, a non-executive Director, and two limited liability partnerships which Mr. Wang Guanran is a 99% limited partner, respectively.
- 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 30 June 2024, so far as the Directors are aware, there are no other persons, other than the Directors and chief executives 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.

OTHER INFORMATION

CHANGE IN INFORMATION OF DIRECTORS AND SUPERVISORS

The change of information of the Directors and the supervisors (the "Supervisors") and chief executives of the Company as required to be disclosed pursuant to Rule 13.51B of the Listing Rules is set out below:

According to Article 104 of the articles of association of the Company, the term of office of each of the Director and Supervisor is three years and was due on 28 May 2024 which was the expiry of the term of seventh session of the Board and the Supervisory Committee. The changes of Directors and Supervisors, following the election of Directors and Supervisors by the shareholders of the Company for the eighth session of the Board and the Supervisory Committee at the annual general meeting of the Company on 29 May 2024, are set out below:

Name	Appointment	Resignation/Retirement
Mr. Chen Jianzheng	<ul style="list-style-type: none"> — Chairman of the Board — Executive Director — Chairman of Strategy Committee — Member of Nomination Committee 	
Mr. Xing Jiangze	<ul style="list-style-type: none"> — Executive Director — Vice-Chairman of the Board — Member of Strategy Committee — Member of Remuneration and Review Committee 	
Mr. He Chengqun	<ul style="list-style-type: none"> — Executive Director — President — Member of Strategy Committee 	<ul style="list-style-type: none"> — Member of Remuneration and Review Committee
Mr. Wu Liming	<ul style="list-style-type: none"> — Executive Director — Member of Strategy Committee 	
Ms. Zhao Li	<ul style="list-style-type: none"> — Executive Director — Member of Strategy Committee — Member of Remuneration and Review Committee 	
Mr. Zhang Feihu	<ul style="list-style-type: none"> — Non-executive Director — Member of Audit Committee 	
Mr. Wang Guanran	<ul style="list-style-type: none"> — Non-executive Director — Member of Nomination Committee 	
Mr. Yeung Chi Tat	<ul style="list-style-type: none"> — Independent non-executive Director — Chairman of Audit Committee 	
Mr. Bo Shao Chuan	<ul style="list-style-type: none"> — Independent non-executive Director — Member of Strategic Committee — Member of Audit Committee — Chairman of Nomination Committee — Member of Remuneration and Review Committee 	
Mr. Guo Michael Xinsheng	<ul style="list-style-type: none"> — Independent non-executive Director — Member of Audit Committee — Member of Nomination Committee — Member of Remuneration and Review Committee 	

OTHER INFORMATION

Name	Appointment	Resignation/Retirement
Mr. Tan Chong Huat	<ul style="list-style-type: none"> – Independent non-executive Director – Member of Audit Committee – Member of Nomination Committee – Chairman of Remuneration and Review Committee 	
Mr. Yang Shilei	– Supervisor	
Mr. Liu Haotian	– Supervisor	
Mr. Guo Xurang	– Supervisor	
Mr. Zhao Bingbing	– Supervisor	
Mr. Dai Weitao		– Executive Director
Mr. Wang Guanghua		– Member of Strategy Committee
		– Independent non-executive Director
		– Member of Strategy Committee
		– Member of Audit Committee
		– Chairman of Nomination Committee
		– Member of Remuneration and Review Committee
Mr. Wang Jiheng		– Independent non-executive Director
		– Member of Audit Committee
		– Member of Nomination Committee
		– Chairman of Remuneration and Review Committee
		– Independent non-executive Director
		– Chairman of Audit Committee
Mr. Xu Rong		– Member of Nomination Committee
		– Member of Remuneration and Review Committee

Please refer to the Company's circular dated 26 April 2024 and announcement dated 29 May 2024 (the "Poll Results Announcement") for information of the Directors, Supervisors and chief executives of the Company required to be disclosed in accordance with Rules 13.51(2) of the Listing Rules. Save that the Company did not enter into a service contract with Mr. Zhou Yi afterwards taking into account the up-to-date business arrangement of the Group and personal reasons of himself, and his appointment as a Supervisor did not take effective, the Company is not aware of any other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Poll Results Announcement and up to the date of this report.

OTHER INFORMATION

DIVIDEND

During the six months ended 30 June 2024, a final dividend of RMB0.065 per share, in respect of the year ended 31 December 2023 (year ended 31 December 2022: Nil) was declared and approved by the shareholders of the Company at the annual general meeting held on 29 May 2024 and the amount was subsequently paid to the shareholders of the Company on 31 July 2024.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

CORPORATE GOVERNANCE

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

The Company has adopted the code provisions (the “Code Provisions”) as stated in the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix C1 of the Listing Rules as the corporate governance code of the Company. The Board is committed to complying with the Code Provisions as stated in the CG Code to the extent that the Directors consider it is applicable and practical to the Company.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules as the Company’s code of conduct regarding securities transactions by the Directors and the Supervisors. Based on specific enquiry made to all the Directors and Supervisors, the Directors and Supervisors have complied with the required standard set out in the Model Code throughout the Current Period.

AUDIT COMMITTEE

The Audit Committee comprises four independent non-executive Directors and one non-executive Director, namely, Mr. Yeung Chi Tat (Chairman), Mr. Zhang Feihu, Mr. Tan Chong Huat, Mr. Bo Shao Chuan and Mr. Guo Michael Xinsheng. An Audit Committee meeting was held on 28 August 2024 to review the unaudited interim financial report for the six months ended 30 June 2024 and this interim report. BDO Limited, the Group’s external auditor, has carried out a review of the interim financial report for the six months ended 30 June 2024 in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

EVENTS AFTER THE CURRENT PERIOD

There were no material events occurred after the Current Period.

By order of the Board

Chen Jianzheng

Chairman

Lingbao City, Henan Province, The PRC
28 August 2024

REVIEW REPORT



Review report to the board of directors of Lingbao Gold Group Company Ltd.

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed interim financial report (the "Interim Financial Report") set out on pages 24 to 50 which comprises the condensed consolidated statement of financial position of Lingbao Gold Group Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and notes to the condensed interim financial report, including material accounting policy information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The Directors are responsible for the preparation and presentation of the Interim Financial Report in accordance with HKAS 34.

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Report as at 30 June 2024 is not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited

Certified Public Accountants

Pak Tak Lun

Practising Certificate Number P06170

Hong Kong, 28 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2024 — unaudited

(Expressed in Renminbi Yuan)

	Notes	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Revenue	4	4,281,228	5,838,583
Cost of sales		(3,873,542)	(5,483,207)
Gross profit		407,686	355,376
Other revenue		32,165	27,793
Other net (losses)/gains	5(b)	(24,680)	49,158
Selling and distribution expenses		(574)	(2,609)
Administrative expenses and other operating expenses		(158,027)	(147,074)
Profit from operations		256,570	282,644
Finance costs	5(a)	(74,059)	(86,286)
Share of losses of associates		—	(1,512)
Profit before taxation	5	182,511	194,846
Income tax	6	(29,853)	(74,379)
Profit for the period		152,658	120,467
Profit/(loss) attributable to:			
Equity shareholders of the Company		152,538	140,352
Non-controlling interests		120	(19,885)
Profit for the period		152,658	120,467
Basic and diluted earnings per share (RMB cents)	7	12.54	16.24

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024 — unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Profit for the period	152,658	120,467
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(7,522)	(31,900)
Total comprehensive income for the period	145,136	88,567
Attributable to:		
Equity shareholders of the Company	146,257	115,525
Non-controlling interests	(1,121)	(26,958)
Total comprehensive income for the period	145,136	88,567

The notes on pages 30 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 — unaudited

(Expressed in Renminbi Yuan)

	<i>Notes</i>	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	2,042,770	2,031,326
Construction in progress	8	458,220	351,296
Intangible assets	9	973,299	973,689
Goodwill		4,717	4,717
Right-of-use assets		204,113	171,301
Financial assets at fair value through profit or loss ("FVTPL")		5,398	5,398
Non-current prepayments		8,464	15,196
Deferred tax assets		306,311	318,673
		4,003,292	3,871,596
Current assets			
Inventories	10	1,443,835	1,590,875
Trade and other receivables	11	563,185	413,884
Financial assets at FVTPL		—	3,191
Pledged deposits		1,559,300	699,880
Cash and cash equivalents	12	331,854	256,724
		3,898,174	2,964,554
Current liabilities			
Bank and other borrowings	13	3,544,224	2,725,108
Trade and other payables	14	844,532	880,158
Contract liabilities		9,329	3,430
Lease liabilities		4,631	5,205
Financial liabilities at FVTPL	14	19,390	53,213
Current tax payable		48,382	39,208
		4,470,488	3,706,322
Net current liabilities		(572,314)	(741,768)
Total assets less current liabilities		3,430,978	3,129,828

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 — unaudited

(Expressed in Renminbi Yuan)

	Notes	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000 (Audited)
Non-current assets			
Bank and other borrowings	13	300,305	128,000
Other payables	14	498,595	537,514
Lease liabilities		13,745	14,915
Deferred tax liabilities		6,222	12,845
		818,867	693,274
NET ASSETS		2,612,111	2,436,554
CAPITAL AND RESERVES	15		
Share capital		248,695	236,804
Reserves		2,590,330	2,425,347
Total equity attributable to equity shareholders of the Company		2,839,025	2,662,151
Non-controlling interests		(226,914)	(225,597)
TOTAL EQUITY		2,612,111	2,436,554

Approved and authorised for issue by the Board of Directors on 28 August 2024.

Chen Jianzheng
Executive director and chairman

Wu Liming
Executive director

The notes on pages 30 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024 — unaudited

(Expressed in Renminbi Yuan)

	Attributable to the equity shareholders of the Company								
	Share capital RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
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 the six months ended 30 June 2023									
Profit for the period	—	—	—	—	—	140,352	140,352	(19,885)	120,467
Other comprehensive income	—	—	—	(24,827)	—	—	(24,827)	(7,073)	(31,900)
Total comprehensive income for the period	—	—	—	(24,827)	—	140,352	115,525	(26,958)	88,567
Profit appropriation	—	—	1,929	—	—	(1,929)	—	—	—
Appropriation of safety production fund	—	—	39,927	—	—	(39,927)	—	—	—
Utilisation of safety production fund	—	—	(39,899)	—	—	39,899	—	—	—
Balance at 30 June 2023	172,850	891,926	178,555	(71,355)	(858)	1,048,800	2,219,918	(232,769)	1,987,149
Changes in equity for the six months ended 31 December 2023									
Profit for the period	—	—	—	—	—	177,730	177,730	(4,170)	173,560
Other comprehensive income	—	—	—	14,334	—	—	14,334	6,100	20,434
Total comprehensive income for the period	—	—	—	14,334	—	177,730	192,064	1,930	193,994
Capital injection	63,954	186,215	—	—	—	—	250,169	—	250,169
Profit appropriation	—	—	1,046	—	—	(1,046)	—	—	—
Acquisition of a subsidiary	—	—	—	—	—	—	—	5,242	5,242
Appropriation of safety production fund	—	—	26,354	—	—	(26,354)	—	—	—
Utilisation of safety production fund	—	—	(26,382)	—	—	26,382	—	—	—
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
Changes in equity for the six months ended 30 June 2024									
Profit for the period	—	—	—	—	—	152,538	152,538	120	152,658
Other comprehensive income	—	—	—	(6,281)	—	—	(6,281)	(1,241)	(7,522)
Total comprehensive income for the period	—	—	—	(6,281)	—	152,538	146,257	(1,121)	145,136
Capital injection	11,891	99,552	—	—	—	—	111,443	—	111,443
Profit appropriation	—	—	6,483	—	—	(6,483)	—	—	—
Capital injection to a subsidiary	—	—	—	—	—	—	—	(196)	(196)
Final dividend declared and approved	—	—	—	—	—	(80,826)	(80,826)	—	(80,826)
Appropriation of safety production fund	—	—	31,304	—	—	(31,304)	—	—	—
Utilisation of safety production fund	—	—	(31,304)	—	—	31,304	—	—	—
Balance at 30 June 2024	248,695	1,177,693	186,056	(63,302)	(858)	1,290,741	2,839,025	(226,914)	2,612,111

The notes on pages 30 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2024 — unaudited

(Expressed in Renminbi Yuan)

	<i>Notes</i>	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Operating activities			
Cash generated from operations		183,028	285,075
PRC income tax paid		(14,940)	(70,207)
Net cash generated from operating activities		168,088	214,868
Investing activities			
Interest received	5(c)	14,150	13,434
Net pledged deposits placed for borrowings		(848,000)	(10,440)
Redemption of financial assets at FVTPL		3,201	19,380
Payment for construction in progress	8	(207,136)	(136,600)
Payment for purchase of property, plant and equipment	8	(10,099)	(39,965)
Payment for purchase of land use right		(45,115)	—
Payment for purchase of intangible assets	9	(25,706)	(23,936)
Proceeds from disposal of property, plant and equipment		3,520	—
Net cash used in investing activities		(1,115,185)	(178,127)
Financing activities			
Proceeds from bank and other borrowings		3,229,270	2,897,441
Repayment of bank and other borrowings		(2,282,763)	(2,798,036)
Interest paid for bank and other borrowings		(28,753)	(77,203)
Capital element of lease rentals paid		(1,920)	(2,239)
Interest element of lease rentals paid		(216)	(814)
Net proceeds from issuance of H shares		111,443	—
Net cash generated from financing activities		1,027,061	19,149
Net increase in cash and cash equivalents		79,964	55,890
Cash and cash equivalents at 1 January		256,724	173,010
Effect of foreign exchange rate changes		(4,834)	1,291
Cash and cash equivalents at 30 June		331,854	230,191

The notes on pages 30 to 50 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and in compliance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It has been reviewed by the audit committee of Lingbao Gold Group Company Ltd. (the “Company”) and was authorised for issue on 28 August 2024.

Going concern

As at 30 June 2024, the Group had net current liabilities of RMB572,314,000 and capital commitment of RMB344,032,000. Included in the current liabilities were bank and other borrowings of RMB3,544,224,000 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, although the Group was continuously making profits and generating positive operating cash inflows, it is not guaranteed that the Group will always be able to successfully renew or refinance the banking facilities in coming years.

For the six-month period ended 30 June 2024, the Group’s net cash generated from operating activities was RMB168,088,000, and the Group had cash and cash equivalents and pledged deposits amounting to RMB331,854,000 and RMB1,559,300,000, respectively, as at 30 June 2024. 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.

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 30 June 2024. 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:

- (a) As at 30 June 2024, the Group had uncommitted unutilised banking facilities related to unsecured bank borrowings, of RMB626,970,000. Management would consider to draw down those unutilised bank facilities when necessary to secure the financial condition of the Group;
- (b) Management is actively negotiating with the banks for 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION (continued)**Going concern (continued)**

Based on the Directors' intentions and assuming the success of the above plans and measures, the Directors are of the opinion that it is appropriate to prepare the Group's interim financial report for the six months ended 30 June 2024 on a going concern basis.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (together "the Group") since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2 CHANGES IN ACCOUNTING POLICIES

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of business lines (production processes, products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified four reportable segments for the six months ended 30 June 2024 (2023: four reportable segments). Operating segments with similar nature of the production process, products and services have been aggregated to form the following reportable segments.

Mining – PRC	Gold mining and mineral ores processing operations in the People's Republic of China ("PRC")
Mining – KR	Gold mining and mineral ores processing operations in the Kyrgyz Republic ("KR")
Smelting	Gold and other metal smelting and refinery operations carried out in the PRC
Retailing	Gold and other jewellery retailing operations in the PRC

(a) Segment results, assets and liabilities

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

	Mining – PRC		Mining – KR		Smelting		Retailing		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
For the six months ended 30 June										
Revenue from external customers	40,939	–	–	–	4,274,486	5,862,920	5,095	7,305	4,320,520	5,870,225
Inter-segment revenue	666,191	1,177,770	110,113	99,491	16,566	–	–	–	792,870	1,277,261
Sales taxes and levies	(553)	(158)	(38,592)	(30,993)	(47)	(376)	(100)	(115)	(39,292)	(31,642)
Reportable segment revenue	706,577	1,177,612	71,521	68,498	4,291,005	5,862,544	4,995	7,190	5,074,098	7,115,844
Reportable segment profit/(loss)	267,377	519,190	5,900	(115,034)	(24,444)	(28,707)	61	(466)	248,894	374,983
Provision of impairment on:										
– Other receivables	70	–	–	–	–	–	–	–	70	–
As at 30 June										
Reportable segment assets	3,947,776	2,993,954	554,828	551,890	4,251,408	3,093,973	14,210	29,457	8,768,222	6,669,274
Reportable segment liabilities	1,555,824	925,392	1,671,733	1,673,283	3,734,387	2,591,415	170	18,652	6,962,114	5,208,742

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING (continued)**(b) Reconciliations of reportable segment revenues, profit or loss**

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Revenue		
Reportable segment revenue	5,074,098	7,115,844
Elimination of inter-segment revenue	(792,870)	(1,277,261)
Consolidated revenue	4,281,228	5,838,583
Profit or loss		
Reportable segment profit	248,894	374,983
Elimination of inter-segment loss/(profit)	49,810	(114,645)
Reportable segment profit derived from the Group's external customers	298,704	260,338
Share of losses of associates	—	(1,512)
Other net (losses)/gains	(24,680)	49,158
Finance costs	(74,059)	(86,286)
Unallocated head office and corporate expenses	(17,454)	(26,852)
Consolidated profit before taxation	182,511	194,846
Income tax	(29,853)	(74,379)
Profit for the period	152,658	120,467

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

4 REVENUE

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

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

Disaggregation of Revenue

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

Revenue from contracts with customers within the scope of HKFRS 15

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Disaggregated by major products lines		
— Sales of gold	4,232,540	5,639,239
— Sales of other metals	81,098	191,375
— Sales of jewellery	2,347	6,777
— Others	4,535	32,834
Less: Sales taxes and levies	(39,292)	(31,642)
	4,281,228	5,838,583

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

5 PROFIT BEFORE TAXATION

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
(a) Finance costs:		
Interest expenses on bank loans	28,546	66,286
Interest expenses on lease liabilities	392	814
Other borrowing costs	45,121	19,186
	74,059	86,286
(b) Other net (losses)/gains:		
Net realised and unrealised (loss)/gain on financial instruments at FVTPL	(20,324)	908
Net foreign exchange gain	5,732	49,793
Provision for impairment of other receivables	(70)	—
Fines and penalties	(6,077)	—
Gain on disposal of property, plant and equipment	873	—
Others	(4,814)	(1,543)
	(24,680)	49,158
(c) Other items:		
Profit before taxation is arrived at after charging/ (crediting):		
Depreciation of right-of-use assets	12,303	5,823
Amortisation of intangible assets	26,096	29,870
Depreciation of property, plant and equipment	99,264	108,442
Less: Depreciation capitalised into construction in progress	—	(478)
	99,264	107,964
Government grants	(2,795)	(9,122)
Bank interest income	(14,150)	(13,434)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

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

Taxation in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Current tax – PRC income tax		
Provision for the period	43,449	88,402
Over-provision in respect of prior years	(19,335)	(6,453)
Deferred taxation	5,739	(7,570)
	29,853	74,379

- (a) Under the Corporate Income Tax Law of the PRC (the “CIT Law”), which was passed by the Fifth Plenary Session of the Tenth National People’s Congress, effective from 1 January 2008, the Company and its PRC subsidiaries are subject to income tax at the statutory rate of 25%, unless otherwise specified.

One of the subsidiaries, Habahe Huatai Gold Company Limited (“Huatai”) was accredited as a “High and New Technology Enterprise” in December 2023 with 3-year validity period. Huatai was entitled to a preferential income tax rate of 15% since 1 January 2023.

- (b) Hong Kong profits tax rate for 2024 is 16.5% (2023: 16.5%). No provision for Hong Kong profits tax is made as the subsidiary located in Hong Kong still has accumulated tax losses.
- (c) Kyrgyzstan corporate income tax rate (“KR CIT”) in 2024 is 0% (2023: 0%).

7 EARNINGS PER SHARE**(a) Basic earnings per share**

The calculation of basic earnings per share for the six-month period ended 30 June 2024 is based on the earnings attributable to equity shareholders of the Company of RMB152,538,000 (six-month period ended 30 June 2023: RMB140,352,000) and weighted average number of 1,216,246,829 ordinary shares in issue during the six-month period ended 30 June 2024 (six-month period ended 30 June 2023: 864,249,091 ordinary shares).

(b) Diluted earnings per share

The diluted earnings per share for the six-month period ended 30 June 2024 and 2023 are the same as the basic earnings per share as there are no dilutive potential ordinary shares during the periods.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

8 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS**Acquisitions and disposals of owned assets**

During the six months ended 30 June 2024, acquisitions of property, plant and equipment and additions of construction in progress of the Group amounted to RMB10,099,000 and RMB207,136,000, respectively (six months ended 30 June 2023: RMB35,627,000 and RMB126,080,000, respectively). Items of property, plant and equipment with an aggregate net book value of RMB766,000 was disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB164,000), resulting in a gain on disposal of RMB873,000 (six months ended 30 June 2023: resulting in a loss on disposal of RMB3,000).

9 INTANGIBLE ASSETS**Acquisitions and disposals**

During the six months ended 30 June 2024, additions of exploration and evaluation assets and mining rights made by the Group amounted to RMB25,706,000 and RMB Nil, respectively (six months ended 30 June 2023: RMB3,507,000 and RMB61,367,000, respectively). There is no disposal of intangible assets during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

10 INVENTORIES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000 (Audited)
Raw materials	902,747	1,005,064
Work in progress	103,352	98,560
Finished goods	415,059	325,645
Spare parts and materials	22,677	161,606
	1,443,835	1,590,875

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

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Carrying amount of inventories sold	3,872,711	5,389,049
Write down of inventories	831	94,158
	3,873,542	5,483,207

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

11 TRADE AND OTHER RECEIVABLES

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

	<i>Note</i>	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000 (Audited)
Within three months		216,263	235,752
Over three months but within one year		10,882	1,251
Trade debtors and bills receivable, net of loss allowance	(a)	227,145	237,003
Other receivables, net of loss allowance		57,705	59,690
Amounts due from related parties (note 18(b))		632	470
		58,337	60,160
Financial assets measured at amortised cost		285,482	297,163
Deposits and prepayments		246,027	69,375
Purchase deposits		782,294	797,964
Less: Allowance for non-recoverability		(750,618)	(750,618)
		31,676	47,346
		563,185	413,884

- (a) For sales of gold and jewellery, the Group requests customers to pay cash in full immediately upon the delivery. For sales of other metallic products, trade and bills receivables are due within 30 days to 180 days from the date of billing.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

12 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000 (Audited)
Cash at bank and in hand	331,854	256,724
Pledged deposits can be analysed as follows		
– Guarantee deposits for bank and other borrowings	265,000	–
– Guarantee deposits for letter of credit	–	212,000
– Guarantee deposits for bank acceptance bills (note)	1,230,000	435,000
– Guarantee deposits for environment governance	15,973	12,100
– Others	48,327	40,780
	1,559,300	699,880

Note:

Certain grantee deposits were pledged to secure the bank facilities lines for the Group to endorse bank acceptance bills for settlement of trade payables.

The secured bank acceptance bills were included in the category of secured bank and other borrowings as disclosed in Note 13.

13 BANK AND OTHER BORROWINGS

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000 (Audited)
Short-term bank and other borrowings:		
– Bank and other borrowings	3,195,729	2,533,108
– Add: Current portion of long-term bank and other borrowings	348,495	192,000
	3,544,224	2,725,108
Long-term bank and other borrowings:		
– Bank and other borrowings	648,800	320,000
– Less: Current portion of long-term bank and other borrowings	(348,495)	(192,000)
	300,305	128,000
	3,844,529	2,853,108

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

13 BANK AND OTHER BORROWINGS (continued)

At 30 June 2024 and 31 December 2023, the bank and other borrowings were repayable as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000 (Audited)
Within one year or on demand	3,544,224	2,725,108
Over one year but within two years	300,305	128,000
	3,844,529	2,853,108

At 30 June 2024 and 31 December 2023, the bank and other borrowings were secured as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000 (Audited)
Bank and other borrowings		
— Secured	1,495,000	647,000
— Guaranteed	893,629	975,990
— Unsecured	1,455,900	1,230,118
	3,844,529	2,853,108

At 30 June 2024 and 31 December 2023, the bank and other borrowings were pledged and guaranteed as follows:

At 30 June 2024			At 31 December 2023			Guaranteed/secured by
Borrowing amounts RMB'000	Pledged deposits RMB'000	Maximum guarantees RMB'000	Borrowing amounts RMB'000	Pledged deposits RMB'000	Maximum guarantees RMB'000	
47,000	—	47,000	—	—	—	The Company
646,629	40,000	606,629	635,990	100,000	535,990	D&R Investment (as defined in Note 18) and pledged deposits
—	—	—	50,000	—	50,000	D&R Investment and Huatai
140,000	—	140,000	90,000	—	90,000	Huatai and Xingyuan (Note)
100,000	—	100,000	400,000	100,000	300,000	Xingyuan
1,737,000	1,455,000	—	447,000	447,000	—	Pledged deposits
1,173,900	—	—	1,230,118	—	—	Unsecured
3,844,529	1,495,000	893,629	2,853,108	647,000	975,990	

Note:

Tongbai Xingyuan Mining Co., Ltd. ("Xingyuan") is a subsidiary of the Company incorporated in PRC and principally engaged in gold mining.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

14 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors based on the invoice date, is as follows:

	<i>Notes</i>	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000 (Audited)
Current trade and other payables			
Within 3 months		324,509	274,468
Over 3 months but within 6 months		19,001	92,676
Over 6 months but within 1 year		33,006	35,731
Over 1 year but within 2 years		17,797	17,747
Over 2 years		35,072	20,875
Total trade creditors		429,385	441,497
Other payables and accruals		255,719	271,812
Total creditors		685,104	713,309
Interest payables		5,231	20,461
Payable for mining rights		42,247	80,074
Deferred income	(b)	23,987	57,817
Payable to non-controlling interest		3,296	3,296
Amount due to related parties (note 18(b))		3,841	443
Dividend payable		80,826	4,758
		844,532	880,158
Financial liabilities at FVTPL			
Gold future and forward		19,390	14,786
Gold lease contracts		—	38,427
		19,390	53,213
Non-current other payables			
Payable for long-term assets	(a)	285,260	344,423
Deferred income	(b)	126,312	66,905
Decommissioning costs	(c)	87,023	126,186
		498,595	537,514

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

14 TRADE AND OTHER PAYABLES (continued)

Notes:

- (a) Payable for long-term assets represents non-current payables in respect of procurement of property, plant and equipment, construction in progress and mining right.
- (b) 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.
- (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 RMB87,023,000 (31 December 2023: RMB126,186,000) in total as at 30 June 2024.

15 CAPITAL AND RESERVE**(a) Share capital**

	Number of domestic shares of RMB0.20 each	Number of H shares of RMB0.20 each	Total number of shares	Amounts RMB'000
Registered, issued and fully paid:				
As at 1 January 2023	566,975,091	297,274,000	864,249,091	172,850
Subscription and issuance of H shares on 18 August 2023	—	319,772,164	319,772,164	63,954
As at 31 December 2023 (Audited)	566,975,091	617,046,164	1,184,021,255	236,804
Subscription and issuance of H shares on 28 February 2024	—	32,538,000	32,538,000	6,508
Subscription and issuance of H shares on 25 April 2024	—	26,916,800	26,916,800	5,383
As at 30 June 2024	566,975,091	676,500,964	1,243,476,055	248,695

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

15 CAPITAL AND RESERVE (continued)**(a) Share capital (continued)**

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 RMB250,169,000 equivalent), respectively.

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 on 28 February 2024.

Pursuant to a placing agreement entered into on 17 April 2024, 26,916,800 H Shares were issued at the price of HKD3.02 per H Share. Gross proceeds and net proceeds from the subscription amounted to approximately HKD81,300,000 (or RMB74,065,000 equivalent) and HKD79,300,000 (or RMB72,243,000 equivalent), respectively. The placement of share was completed on 25 April 2024.

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

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

A dividend in respect of the year ended 31 December 2023 of HKD0.071 (equivalent to RMB0.065 per share), amounted to approximately RMB79,076,000 (based on the exchange rate as at dividend proposal date) has been approved by the board of directors after the reporting date. The final dividend was approved at the annual general meeting of the Company held on 29 May 2024. The relevant dividend amount of RMB80,826,000 is charged to the condensed consolidated statement of changes in equity based on the approval date exchange rate.

No final dividend in respect of the financial year ended 31 December 2022 has been approved during the six months ended 30 June 2023.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

15 CAPITAL AND RESERVE (continued)**(c) 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 six months ended 30 June 2024, the Group transferred RMB31,304,000 (six months ended 30 June 2023: RMB39,927,000) from retained profits to specific reserve provision for the safety production fund and transferred RMB31,304,000 (six months ended 30 June 2023: RMB39,899,000) from specific reserve to retained earnings for the utilisation.

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**(a) Financial assets and liabilities measured at fair value****(i) 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

The Group has a team headed by the finance manager performing valuations review 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, to coincide with the reporting dates.

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(Expressed in Renminbi Yuan unless otherwise indicated)

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)**(a) Financial assets and liabilities measured at fair value (continued)****(i) Fair value hierarchy (continued)**

As at 30 June 2024	Fair value measurements categorised into			
	Fair value 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
Financial liabilities at FVTPL:				
– Gold future and forward	(19,390)	(19,390)	–	–
As at 31 December 2023 (Audited)	Fair value measurements categorised into			
	Fair value 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 investment	3,191	3,191	–	–
Financial liabilities at FVTPL:				
– Gold future and forward contracts	(14,786)	(14,786)	–	–
– Gold lease contracts	(38,427)	(38,427)	–	–

During the six months ended 30 June 2024, there were no transfers between Level 1 and Level 2, or no transfers into or out of Level 3 (2023: 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.

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16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)**(a) Financial assets and liabilities measured at fair value (continued)****(ii) 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

(b) 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 30 June 2024 and 31 December 2023.

17 COMMITMENTS

Capital commitments outstanding at 30 June 2024 not provided for in the interim financial report:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000 (Audited)
Authorised and contracted for	344,032	376,043

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18 RELATED PARTY TRANSACTIONS

During the period ended 30 June 2024 the Directors are of the view that the following companies are related parties of the Group:

Name of party	Relationship
D&R Asset Management Group Company Limited* 達仁投資管理集團股份有限公司 (“D&R Investment”)	Mr. Wang Guanran is the chairman of the board of directors of the entity
Shenzhen Jiesi Shiye Technology Co., Ltd.* 深圳傑思實業科技股份有限公司 (“Jiesi Shiye”)	Entity controlled by Mr. Wang Guanran
Shenzhen Jiesi Weiye Holding Co., Ltd 深圳傑思偉業控股股份有限公司 (“Jiesi Weiye”)	Major shareholder of the Group (Note)
Shenzhen Londian Huaxin Holding Group Co., Ltd.* 深圳龍電華鑫控股集團股份有限公司 (“Shenzhen Londian”)	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
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
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

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

Note: On 20 February 2024 and 28 February 2024, D&R Investment transferred 185,339,000 domestic shares and 319,772,164 H shares of the Company, respectively, to Jiesi Weiye. After the transfer, D&R Investment no longer held any equity interest of the Company.

As at 30 June 2024, Jiesi Weiye holds 185,339,000 (32.29%) domestic shares and 319,772,164 (47.27%) H shares of the Group, Jiesi Weiye's total voting power (domestic + H shares) are 40.62%, and is the major shareholder of the Company.

As at 30 June 2024, Mr. Wang Guanran directly and indirectly controls 65.68% and 4.91% (collectively 70.59%) equity interest of Jiesi Weiye. Jiesi Weiye is controlled by Mr. Wang Guanran.

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(Expressed in Renminbi Yuan unless otherwise indicated)

18 RELATED PARTY TRANSACTIONS (continued)**(a) Transactions with related parties**

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Guarantee charge		
D&R Investment (note 18(c))	(3,841)	(5,030)
Purchase of gold concentrates and compound gold		
Jiesi Shiye (note 18(d))	(163,566)	—
Sales of other metals		
Wason Copper-Foil	—	78
Rendering of rental service		
Shenzhen Londian	—	1,272
D&R Investment (note 18(d))	949	913
Payment on behalf of the Company		
D&R Investment	—	(290)

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18 RELATED PARTY TRANSACTIONS (continued)**(b) Balances with related parties**

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000 (Audited)
Trade receivables from a related party		
D&R Henan	5,356	5,336
Dividend payable to a related party		
Jiesi Weiye	(12,047)	—
Amount due from related parties		
D&R Investment	470	470
Amounts due to related parties		
Shenzhen Londian	—	(443)
D&R Investment	(3,841)	—

(c) Guarantee issued by related parties

As at 30 June 2024, D&R Investment issued maximum guarantees amounting to RMB606,629,000 to several banks in respect of bank and other borrowings (see note 13), bank acceptance bills and letter of credit of the Company (as at 31 December 2023: RMB585,990,000).

On 11 October 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 or long-term assets, no guarantee charge was occurred during the six months ended 30 June 2024.

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(Expressed in Renminbi Yuan unless otherwise indicated)

18 RELATED PARTY TRANSACTIONS (continued)**(d) Applicability of the Listing Rules relating to connected transactions**

The provision of rental services to D&R Investment under “Property Lease Framework Agreement” and the purchase of gold concentrates and compound gold from Jiesi Shiye under “Shiye Comprehensive Products Framework Agreement” constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The transactions price were determined at prevailing market rates.

(e) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s Directors and supervisors is as follows:

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Short-term employee benefits	3,585	3,653
Post-employment benefits	115	115
	3,700	3,768