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**Lingbao Gold Group Company Ltd.**

**靈寶黃金集團股份有限公司**

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

**(Stock Code: 3330)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board of directors (the “**Board**”) of Lingbao Gold Group Company Ltd. (the “**Company**”), hereby presents the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020 (“**Fiscal Year 2020**”), which have been reviewed by the audit committee of the Company (“**Audit Committee**”).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
<b>Revenue</b>	3	<b>5,599,947</b>	5,874,357
Cost of sales		<u>(4,945,314)</u>	<u>(5,514,215)</u>
<b>Gross profit</b>		<b>654,633</b>	360,142
Other revenue	4	<b>76,431</b>	33,345
Other net loss	5	<b>(162,580)</b>	(110,369)
Selling and distribution expenses		<b>(5,507)</b>	(5,373)
Administrative expenses and other operating expenses		<u>(276,238)</u>	<u>(298,513)</u>
<b>Profit/(loss) from operations</b>		<b>286,739</b>	(20,768)
Finance costs		<u>(164,522)</u>	<u>(182,464)</u>
<b>Profit/(loss) before taxation</b>		<b>122,217</b>	(203,232)
Income tax	6	<u>(64,896)</u>	<u>(48,609)</u>
<b>Profit/(loss) for the year</b>		<u><b>57,321</b></u>	<u>(251,841)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)***For the year ended 31 December 2020*

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>89,700</b>	(233,502)
Non-controlling interests	<u><b>(32,379)</b></u>	<u>(18,339)</u>
<b>Profit/(loss) for the year</b>	<u><b>57,321</b></u>	<u>(251,841)</u>
<b>Basic and diluted earnings/(loss) per share (RMB cents)</b>	<u><b>10.4</b></u>	<u>(27.0)</u>

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

*For the year ended 31 December 2020*

	<i>Note</i>	<b>2020</b> <b>RMB'000</b>	2019 <b>RMB'000</b>
<b>Profit/(loss) for the year</b>		<b><u>57,321</u></b>	<b><u>(251,841)</u></b>
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>50,678</u>	<u>(9,713)</u>
<b>Total comprehensive income for the year</b>		<b><u>107,999</u></b>	<b><u>(261,554)</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		130,812	(241,263)
Non-controlling interests		<u>(22,813)</u>	<u>(20,291)</u>
<b>Total comprehensive income for the year</b>		<b><u>107,999</u></b>	<b><u>(261,554)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	<i>9</i>	1,363,827	1,320,365
Construction in progress		570,953	534,101
Intangible assets		669,732	644,497
Goodwill		4,717	4,717
Right-of-use assets		128,511	133,756
Interest in associates		22,531	22,531
Other financial assets		4,520	4,520
Investment deposits	<i>10</i>	9,400	18,800
Non-current prepayments		13,044	2,353
Deferred tax assets		334,128	338,171
Other non-current assets		8,000	14,265
		<b>3,129,363</b>	3,038,076
<b>Current assets</b>			
Inventories		1,779,200	1,477,971
Trade and other receivables, deposits and prepayments	<i>11</i>	162,705	214,401
Current tax recoverable		7,279	11,043
Pledged deposits		1,394,329	872,092
Fixed deposits held at banks with maturity over three months		99,105	—
Cash and cash equivalents		132,709	318,671
		<b>3,575,327</b>	2,894,178
<b>Current liabilities</b>			
Bank and other borrowings	<i>12</i>	3,760,615	3,011,262
Trade and other payables	<i>13</i>	1,073,211	811,026
Contract liabilities		2,778	6,796
Lease liabilities		1,895	3,255
Current tax payable		59,964	39,608
		<b>4,898,463</b>	3,871,947
<b>Net current liabilities</b>		<b>(1,323,136)</b>	(977,769)
<b>Total assets less current liabilities</b>		<b>1,806,227</b>	2,060,307

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

	<i>Note</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Bank and other borrowings	<i>12</i>	—	406,015
Other payables	<i>13</i>	<b>181,696</b>	132,009
Lease liabilities		<b>7,629</b>	9,005
Deferred tax liabilities		<b>5,881</b>	10,256
		<u><b>195,206</b></u>	<u>557,285</u>
<b>NET ASSETS</b>		<u><b>1,611,021</b></u>	<u>1,503,022</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>172,850</b>	172,850
Reserves		<b>1,610,298</b>	1,479,486
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,783,148</b>	1,652,336
<b>Non-controlling interests</b>		<u><b>(172,127)</b></u>	<u>(149,314)</u>
<b>TOTAL EQUITY</b>		<u><b>1,611,021</b></u>	<u>1,503,022</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

As at 31 December 2020, the Group had net current liabilities of RMB1,323 million, total borrowings of RMB3,761 million and capital commitments of RMB329 million. In view of these circumstances, the Directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance including banking facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 31 December 2020, taking into account the Group’s cash flow projection, including the Group’s unutilised banking facilities of RMB1,239 million, of which directly related to bank loans facilities of RMB320 million, ability to renew or refinance the banking facilities upon maturity and ability to adjust the scheduled capital commitments, the Directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern.

### 2 CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not effective for the current accounting period.

### 3 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.

#### (i) Disaggregation of Revenue

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products lines		
— Sales of gold	5,285,893	5,360,413
— Sales of other metals	310,939	461,670
— Others	4,516	53,286
Less: Sales taxes and levies	<u>(1,401)</u>	<u>(1,012)</u>
	<u><b>5,599,947</b></u>	<u><b>5,874,357</b></u>

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

The Group has only one customer with whom transactions have exceeded 10% of the Group's revenues (2019: one). In 2020, revenues from sales of gold products to this customer amounted to approximately RMB5,168,910,000 (2019: RMB5,102,970,000) arose in the Henan Province, the PRC.

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

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



#### 4 OTHER REVENUE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest income on financial assets measured at amortised cost	36,664	23,854
Government grants	12,256	3,871
Service income	9,536	—
Scrap sales	6,342	2,610
Sundry income	11,633	3,010
	<u>76,431</u>	<u>33,345</u>

#### 5 OTHER NET PROFIT/(LOSS)

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Net realised and unrealised loss on other financial instruments at fair value	20,832	12,764
Net (income)/loss on disposal of property, plant and equipment and intangible assets	(330)	4,095
Net foreign exchange loss/(gain)	52,874	(2,161)
Impairment losses of:		
— property, plant and equipment	56,431	26,291
— intangible assets	1,550	—
— investment deposits	9,400	61,553
Economic loss of production equipment for fire of a subsidiary	12,035	—
Others	9,788	7,827
	<u>162,580</u>	<u>110,369</u>

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

### (i) Taxation in the consolidated statement of profit or loss represents:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Current tax — PRC income tax</b>		
Provision for the year	69,997	35,886
Over-provision in respect of prior years	<u>(4,769)</u>	<u>(551)</u>
	----- 65,228	----- 35,335
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(332)</u>	<u>13,274</u>
	<u>64,896</u>	<u>48,609</u>

### (ii) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit/(loss) before taxation		<u>122,217</u>	<u>(203,232)</u>
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to the jurisdictions concerned	<i>(i) (ii) (iii)</i>	74,216	(41,295)
Effect of non-deductible expenses		13,810	2,322
Effect of tax assessment and levying		4,672	—
Utilisation of temporary differences not recognised in previous years		(28,890)	(4,242)
Tax losses and temporary differences not recognised	<i>(iv)</i>	5,481	92,256
Over-provision in prior years		(4,769)	(551)
Others		<u>(376)</u>	<u>119</u>
Actual tax expense		<u>64,896</u>	<u>48,609</u>

*Note:*

- (i) Under the Corporate Income Tax Law of the PRC (the “**CIT Law**”), which was passed by the Fifth Plenary Session of the Tenth National People’s Congress, effective from 1 January 2008, the Company and its PRC subsidiaries are subject to income tax at the statutory rate of 25%, unless otherwise specified.
- (ii) Hong Kong profits tax rate for 2020 is 16.5% (2019: 16.5%). No provision for Hong Kong profits tax is made as the subsidiary located in Hong Kong did not earn any income which is subject to Hong Kong profits tax.
- (iii) Kyrgyzstan corporate income tax rate (“**KR CIT**”) in 2020 is 0% (2019: 0%).

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

- (iv) Considering the uncertainty of the future available taxable profits against which certain tax benefits can be utilised in the relevant tax jurisdiction and entity, the Group has not recognised deferred tax assets of RMB5,481,000 (2019: RMB92,256,000) in respect of unused tax losses of RMB13,648,000 (2019: RMB221,740,000) and temporary differences of RMB8,276,000 (2019: RMB147,284,000) for the year ended 31 December 2020.

## 7 DIVIDENDS

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

No dividend attributable to the year was declared in 2020 or proposed after the end of the reporting period (2019: Nil).

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved during the year, of RMB0.20 per ordinary share	—	172,850

Among the above final dividend approved in respect of the previous financial year, RMB169,352,000 was paid during the year ended 31 December 2019.

## 8 EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the earnings attributable to equity shareholders of the Company of RMB89,700,000 (2019: loss of RMB233,502,000) and 864,249,091 ordinary shares (2019: 864,249,091 ordinary shares) in issue during the year ended 31 December 2020.

### (b) Diluted earnings/(loss) per share

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

## 9 PROPERTY, PLANT AND EQUIPMENT

Impairment loss of RMB56,431,000 was recognised in respect of a cash-generating unit (“CGU”), Full Gold Mining Limited Liability Company (“Full Gold”), which is under the mining — KR reportable segment, during the year ended 31 December 2020. Owing to the under-performance of production and operation of Full Gold, the Group identified an impairment indicator of its property, plant and equipment, and performed an impairment assessment of the related assets based on their estimated recoverable amounts.

The recoverable amounts of the CGU are estimated using the present value of future cash flows based on the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using several key assumptions, including the expected gross margin, weighted average growth rate, useful life of the assets and pre-tax discount rate. The forecasted gross margin is based on past business performance and market participants’ expectations for market development. The weighted average growth rate used is 1.9% and consistent with the forecasts included in industry reports. The discount rate used is pre-tax of 16% and reflect specific risks relating to the mining segment and country.

As a result of the assessment, the Group recognised an impairment loss of RMB56,431,000 on the property, plant and equipment to reduce the carrying amount of this CGU to its recoverable amount of RMB177,951,000. The impairment loss was recorded in “other net loss” in the consolidated statement of profit or loss for the year ended 31 December 2020.

## 10 INVESTMENT DEPOSITS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Investment deposits		
— Beijing Jiuyi ( <i>note (a)</i> )	75,753	75,753
— Henan Asset Management ( <i>note (b)</i> )	94,000	94,000
Less: Impairment losses	<u>(160,353)</u>	<u>(150,953)</u>
	<u>9,400</u>	<u>18,800</u>

*Note:*

- (a) During the year ended 31 December 2007, an investment deposit of RMB80,000,000 was paid to an independent third party, Beijing Jiuyi Investment Company Limited (“**Beijing Jiuyi**”), for acquiring certain company with mining assets situated in Gansu Province, the PRC. The relevant agreements in connection with this acquisition expired on 31 October 2009 and the acquisition was not completed as at 31 December 2009. An impairment loss of RMB80,000,000 was made in the consolidated financial statements for the year ended 31 December 2009.

During the year ended 31 December 2019, the Group received RMB4,247,000 and reversed the corresponding impairment loss of RMB4,247,000, which was recorded in “other net loss” in the consolidated statement of profit or loss for the year ended 31 December 2019.

- (b) During the year ended 31 December 2018, an investment deposit of RMB94,000,000 was placed to an independent third party, Henan Assets Management Company (河南資產管理公司) (“**Henan Assets Management**”), for acquiring certain mining assets which are offered for sale through an open tender. After the Group has performed relevant due diligence work on the target mining assets, the Group decided to withdraw its investment intention and requested for a refund of the deposit. At 31 December 2018, Henan Assets Management had not returned the deposit back to the Group and the Group engaged a lawyer to lodge a claim against Henan Assets Management for full refund of the deposit. At 31 December 2018, the Group classified the investment deposit as non-current and has made an impairment loss of RMB9,400,000, which was mainly the impact arising from the discounting of the expected cash flow by effective interest rate.

In June 2019, the Group filed an application to the court in the PRC to reclaim the investment deposit of RMB94,000,000. The case was put in trials in the PRC court in August 2019. However, on 19 November 2019, a first instance court judgement has been rendered against the Group. In December 2019, the Group filed appeals and as at 31 December 2019, the lawsuit was still under review before Higher People’s Court of Henan Province. Based on the Group’s assessment on the claim and the PRC lawyer’s opinion, the Directors considered the recoverability of the above investment deposit due from Henan Assets Management is reduced. Therefore, at 31 December 2019, the Group has additionally made impairment loss for the investment deposit amounting to RMB65,800,000, representing 70% of total investment deposit, which was recorded in “other net loss” (note 5) in the consolidated statement of profit or loss for the year ended 31 December 2019. As at 31 December 2019, the accumulated impairment loss of the above investment deposit was RMB75,200,000.

In April 2020, the Higher People’s Court of Henan Province found against the Group. In July 2020, the Group filed another appeal before the Supreme People’s Court of the People’s Republic of China (“**Supreme People’s Court**”), which was dismissed by the Supreme People’s Court in November 2020. In March 2021, the Group filed another appeal before the Supreme People’s Procuratorate of the People’s Republic of China in respect of the deposit. Based on the legal advice and taking into account of further legal action, at 31 December 2020, the Group has additionally made impairment loss for the investment deposit amounting to RMB9,400,000 in respect of this lawsuit, representing 10% of total investment deposit, which was recorded in “other net loss” (note 5) in the consolidated statement of profit or loss for the year ended 31 December 2020. As at 31 December 2020, the accumulated impairment loss of the above investment deposit was RMB84,600,000.

## 11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 <i>RMB’000</i>	2019 <i>RMB’000</i>
Trade receivables, net of loss allowance	21,324	9,422
Bills receivable	—	66,717
	<u>21,324</u>	<u>76,139</u>
Other receivables, net of loss allowance ( <i>note (b)</i> )	77,955	59,729
Amounts due from related parties	—	20,277
	<u>77,955</u>	<u>80,006</u>
Financial assets measured at amortised cost	<u>99,279</u>	<u>156,145</u>
Deposits and prepayments	<u>49,277</u>	<u>47,335</u>
Purchase deposits ( <i>note (c)</i> )	800,354	797,444
Less: Allowance for non-delivery	<u>(786,205)</u>	<u>(786,523)</u>
	<u>14,149</u>	<u>10,921</u>
Amounts due from Beijing Jiuyi ( <i>note (d)</i> )	—	—
	<u>162,705</u>	<u>214,401</u>

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

**(a) Ageing analysis**

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Within three months	<b>21,324</b>	78,436
Over three months but less than six months	—	4,080
Over one year	—	3,900
	<hr/>	<hr/>
At 31 December	<b><u>21,324</u></b>	<b><u>86,416</u></b>

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

**(b) Other receivables, net of loss allowance**

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Other receivables	<b>111,325</b>	99,517
Less: Allowance for expected credit losses	<b><u>(33,370)</u></b>	<u>(39,788)</u>
	<hr/>	<hr/>
	<b><u>77,955</u></b>	<b><u>59,729</u></b>

During the year ended 31 December 2020, the Group recognised the loss allowance for expected credit losses of other receivables of RMB2,305,000 and wrote off the loss allowance for expected credit losses of other receivables of RMB11,028,000.

During the year ended 31 December 2019, the Group recognised the loss allowance for expected credit losses of other receivables of RMB23,140,000.

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

(c) **Purchase deposits**

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

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
At 1 January	<b>786,523</b>	788,334
Reversal of impairment loss	<u>(318)</u>	<u>(1,811)</u>
At 31 December	<u><b>786,205</b></u>	<u>786,523</u>

During the year ended 31 December 2020, the Group reversed impairment losses of purchase deposits of RMB318,000 (31 December 2019: RMB40,000,000) due to the receipt of mineral sand from two suppliers.

During the year ended 31 December 2019, impairment loss of RMB38,189,000 was made based on the Group's reassessment of recoverability of purchase deposits.

The management considered that appropriate procedures have been taken by the Group to assess the capabilities of the suppliers to supply mineral sand and expect that the remaining purchase deposits of RMB14,149,000 as at 31 December 2020 would be gradually recovered through future purchases of mineral sand from the respective suppliers.

(d) **Amounts due from Beijing Jiuyi**

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Amounts due from Beijing Jiuyi	<b>30,800</b>	30,800
Less: Impairment losses	<u>(30,800)</u>	<u>(30,800)</u>
	<u>—</u>	<u>—</u>

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



## 12 BANK AND OTHER BORROWINGS

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

	At 31 December 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Short-term bank and other borrowings:		
— Bank loans	3,380,866	2,698,378
— Add: Current portion of long-term bank and other borrowings	<u>379,749</u>	<u>312,884</u>
	<u>3,760,615</u>	<u>3,011,262</u>
Long-term bank and other borrowings:		
— Bank loans	379,749	718,899
— Less: Current portion of long-term bank and other borrowings	<u>(379,749)</u>	<u>(312,884)</u>
	<u>—</u>	<u>406,015</u>
	<u>3,760,615</u>	<u>3,417,277</u>

At 31 December 2020, the bank and other borrowings were repayable as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within one year or on demand	<u>3,760,615</u>	<u>3,011,262</u>
Over one year but within two years	—	367,646
Over two years but within five years	<u>—</u>	<u>38,369</u>
	<u>—</u>	<u>406,015</u>
	<u>3,760,615</u>	<u>3,417,277</u>

At 31 December 2020, the bank and other borrowings were secured as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Bank and other borrowings		
— Guaranteed	326,245	627,858
— Unsecured	<u>3,434,370</u>	<u>2,789,419</u>
	<u>3,760,615</u>	<u>3,417,277</u>

At 31 December 2020, bank loans of the Group amounting to RMB326,245,000 (31 December 2019: RMB627,858,000) and USD12,863,000 (RMB equivalent: RMB83,932,000) (31 December 2019: Nil) were guaranteed by Lingbao State-owned Assets Operation Company Limited and by a major shareholder of the Group, D&R Asset Management Group Company Limited (“**D&R Investment**”), respectively.

Certain of the Group’s bank loan agreements were subject to the fulfilment of covenants imposing certain specific performance requirements on the Group. If the Group were to breach the covenants, bank loans drawn down would become payable on demand. As at 31 December 2020, certain covenants of the bank loan agreements from three banks were breached by the Company and one of its subsidiary named Full Gold. The Company obtained waiver letters from two banks, confirming that they do not treat the Company has breached the relevant covenants under the existing loan agreements. For the bank loan drawn down by Full Gold, no waiver letter had been obtained as at 31 December 2020. As a result, the balance of bank loan amounting to USD8,400,000 (RMB equivalent: 53,504,180) was recorded in the current portion of long-term bank and other borrowings as at 31 December 2020.

### 13 TRADE AND OTHER PAYABLES

#### Current trade and other payables

	<b>31 December 2020 RMB’000</b>	31 December 2019 RMB’000
Bills payable	<b>21,008</b>	—
Trade payables	<b>582,729</b>	283,422
Other payables and accruals	<b>321,771</b>	331,438
Interest payables	<b>1,084</b>	2,888
Payable for mining rights	<b>79,440</b>	84,935
Deferred income ( <i>note (a)</i> )	<b>62,136</b>	80,416
Payable to non-controlling interests ( <i>note (b)</i> )	<b>52</b>	23,021
Dividend payable	<b>4,758</b>	4,758
Financial liabilities at fair value through profit or loss	<b>233</b>	148
	<b><u>1,073,211</u></b>	<u>811,026</u>

#### Non-current other payables

Deferred income ( <i>note (a)</i> )	<b>87,472</b>	76,481
Decommissioning costs ( <i>note (c)</i> )	<b>94,224</b>	55,528
	<b><u>181,696</u></b>	<u>132,009</u>

#### Notes:

- (a) Deferred income represents grants received from the government for the exploration of mines and construction of mining related assets. When certain conditions are met, the government grants are recognised as income over the periods necessarily to match them with the related costs of assets constructed which they are intended to compensate over the periods and in the proportion in which depreciation on those assets is charged.

- (b) Payable to non-controlling interests is unsecured, interest free and repayable on demand.
- (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 RMB94,224,000 (2019: RMB55,527,000) in total as at 31 December 2020.

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

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Within three months	<b>544,643</b>	221,201
Over three months but less than six months	<b>20,784</b>	5,859
Over six months but less than one year	<b>3,968</b>	38,485
Over one year but less than two years	<b>5,177</b>	3,585
Over two years	<b>8,157</b>	14,292
	<u><b>582,729</b></u>	<u>283,422</u>

#### **14 CAPITAL COMMITMENTS**

Capital commitments, representing purchase of property, plant and equipment and intangible assets outstanding at 31 December 2020 not provided for in the financial statements, were as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Authorised and contracted for	<b>79,351</b>	25,542
Authorised but not contracted for	<b>249,263</b>	254,281
	<u><b>249,263</b></u>	<u>254,281</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF BUSINESS

For the Fiscal Year 2020, the Group produced approximately 13,778 kg (equivalent to approximately 442,972 ounces) of gold bullion, representing a decrease of approximately 2,741 kg (equivalent to approximately 88,125 ounces) or 16.6% as compared with the previous year. The main reason for the decrease in production volume of gold bullion was that in the smelting segment, the production of gold bullion processed from compound gold purchased from external suppliers (the gross profit margin of which is relatively lower) decreased. The Group's revenue for the Fiscal Year 2020 was approximately RMB5,599,947,000, representing a decrease of approximately 4.7%. The net profit of the Group for the Fiscal Year 2020 was approximately RMB57,321,000 (2019: net loss of the Group was RMB251,841,000). The basic earnings per share of the Company for the Fiscal Year 2020 was RMB0.10 (2019: basic loss per share of the Company was RMB0.27). The Group's success in turning losses into profits was mainly attributable to the fact that the Group, by overcoming the impact of the COVID-19 pandemic and strengthened internal management, was able to increase the output of gold bullion processed from gold concentrates in the smelting segment and the output of gold concentrates in the mining segment as compared to those in 2019. In addition, the significant increase in the average selling price of gold bullion during the Fiscal Year 2020 also contributed to the increased profitability. Furthermore, the Group optimized its relevant business processes by introducing and implementing relevant costs reduction and efficiency enhancement measures, as a result of which the overall gross profit margin was increased.

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 31 mining and exploration rights as at 31 December 2020, covering 289.2 square kilometers. The total gold reserves and resources as at 31 December 2020 were approximately 22,981,000 tonnes (738,839,150 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:

		2020		2019	
	Unit	<i>Approximate production volume</i>	<i>Approximate sales volume</i>	<i>Approximate production volume</i>	<i>Approximate sales volume</i>
Gold concentrates (contained gold)	kg	<b>1,741</b>	<b>1,681</b>	814	760
Compound gold	kg	<b>1,184</b>	<b>1,177</b>	1,322	1,242
Total	kg	<b>2,925</b>	<b>2,858</b>	2,136	2,002
Total	Ounce	<b>94,039</b>	<b>91,885</b>	68,674	64,366

The total revenue of the mining segment of the Group for the Fiscal Year 2020 was approximately RMB1,068,322,000, representing an increase of approximately 82.9% from approximately RMB584,044,000 in last year, among which, revenue from Mining — PRC was approximately RMB926,432,000 (for the Fiscal Year 2019: RMB456,855,000), and revenue from Mining — KR was approximately RMB141,890,000 (for the Fiscal Year 2019: RMB127,189,000). In the Fiscal Year 2020, revenue of gold mines in Henan, Xinjiang, Inner Mongolia and KR represented approximately 45.4%, 34.0%, 7.3% and 13.3% of the total revenue of the mining segment, respectively. The production volume of compound gold in the mining segment decreased by approximately 1,322 kg to approximately 1,183 kg while the production volume of the gold concentrates increased by approximately 814 kg to approximately 1,741 kg.

### ***Segment results***

The Group's total profit of the mining segment for the Fiscal Year 2020 was approximately RMB318,829,000, as compared with the total profit of approximately RMB59,280,000 for the Fiscal Year 2019, among which, the profit from Mining — PRC was approximately RMB380,146,000 (for the Fiscal Year 2019: RMB72,574,000), and the loss from Mining — KR was approximately RMB61,317,000 (for the Fiscal Year 2019: RMB13,294,000). The segment result to segment revenue ratio of the Group's mining business for the Fiscal Year 2020 was approximately 29.8%, compared with approximately 10.1% for Fiscal Year 2019.

In the Fiscal Year 2020, the profit of the Mining — PRC segment increased by approximately 423.8% as compared with that in the Fiscal Year 2019. The main reasons include 1) the rise of global gold price and 2) the fact that a subsidiary and Nanshan branch in Mining — PRC were under renovation since 2019 due to the restrictions imposed by the safety and environmental protection policies, of which Nanshan Branch has resumed production since April 2020 and improved its operating performance. In October 2020, due to a fire broke-out in Full Gold, a subsidiary under the Mining — KR segment, part of the production equipment was burned. Coupled with the negative impact of COVID-19 pandemic, Full Gold was under-performance in Fiscal Year 2020. For details of fire broke-out, please refer to the announcement of the Company dated 30 October 2020. Despite of such situation, the mining and mineral separation efficiency of the Group's mining segment were improved as compared with 2019, and the profit of mining segment increased by approximately 437.8% as compared to the previous year.

## 2. Smelting Segment

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

Products	Unit	2020		2019	
		<i>Approximate production volume</i>	<i>Approximate sales volume</i>	<i>Approximate production volume</i>	<i>Approximate sales volume</i>
Gold bullion	kg	<b>10,589</b>	<b>10,197</b>	8,326	8,234
(processed from gold concentrates)	ounce	<b>340,444</b>	<b>327,841</b>	267,699	264,729
Gold bullion	kg	<b>3,189</b>	<b>3,153</b>	8,193	8,235
(processed from compound gold)	ounce	<b>102,529</b>	<b>101,371</b>	263,399	264,761
Silver	kg	<b>23,584</b>	<b>20,540</b>	23,618	25,471
	ounce	<b>758,242</b>	<b>660,376</b>	759,336	818,911
Copper products	tonne	<b>4,426</b>	<b>5,173</b>	9,107	8,959
Sulphuric acid	tonne	<b>96,706</b>	<b>82,794</b>	78,392	81,584

### ***Sales and production***

The Group's total revenue in the smelting segment for the Fiscal Year 2020 was approximately RMB5,512,827,000, representing a decrease of approximately 1.87% from approximately RMB5,617,758,000 of the previous year.

As the business of gold bullion processed from compound gold purchased externally is low-profit, in the Fiscal Year 2020, the Group's smelting segment reduced its production of gold bullion processed from compound gold purchased from the external suppliers, which resulted in a decrease in production of gold bullion in this respect of 5,004 kg. The smelting segment has also strengthened its internal control of procurement, leading to an increase in the production of gold bullion processed from gold concentrates by approximately 27.18% as compared with that in the previous year.

### ***Segment results***

The Group's total profit of the smelting segment for the Fiscal Year 2020 was approximately RMB185,192,000, representing an increase of 35.1% from the profit of approximately RMB137,041,000 in the previous year. The segment results to segment revenue ratio of the Group's smelting business was approximately 3.4% for the Fiscal Year 2020, compared with approximately 2.4% for the Fiscal Year 2019.

The continuous improvement in the results of the smelting segment was mainly due to the strict implementation of the cost reduction and efficiency enhancement policy adopted by the Group and the effective control of production costs. It also benefited from the significant increase in the average selling price of gold bullion.

### ***Prospect Planning and Outlook***

In 2021, although the Group continues to face various challenges, including the constraint of resources, technological innovation, safety and environmental protection, market risks, and capital management, the Group will further optimize and expand its mining operation, and streamline management processes and enhance its quality and efficiency to become a sophisticated smelting powerhouse. Looking into 2021, the Group will mainly focus on the following aspects:

*(1) to cultivate a new momentum for sustainability by seeking breakthroughs in resource reserve*

Mining represents the engine of our development, and the Group is therefore required to take mineral exploration and reserve as the first priority mission for planning. First, we shall coordinate and proceed with the mineral exploration under our development planning. Second, we shall facilitate the key mineral exploration, while striving to ensure the quality of the mineral exploration projects and constantly increasing its resource reserve. Third, we shall strengthen our technical service capabilities with well defined policies governing incentives and penalties. Fourth, we shall resolutely implement our decisions upon due consideration. Fifth, we shall further deepen our cooperation with professional institutions to improve the mineral exploration results. Sixth, we shall actively carry out the development strategy of "going global" by increasing our efforts to investigate into mines in the domestic market and countries along the Belt and Road Initiative, as well as carry out the mergers and acquisitions. In doing so, we will safeguard the overall level of resources for the Group.



*(II) to ensure steady growth in our output and performance by strengthening our production and operation management*

The Group shall strengthen the management of its production units by specifically pursuing the core principle “quality and efficiency”, and centering on the objectives of “stabilizing production, improving quality, ensuring safety, reducing costs and increasing efficiency”, the Group shall pursue precise control over environmental protection and emission limitation to achieve a higher operating efficiency rate that will result in a higher comprehensive recovery rate of gold, silver, and copper. On the other hand, the Group shall minimize its inventory risk, while effectively marketing our products.

*(III) to achieve coordinated and balanced industrial development by increasing our support for enterprises and continuing to deepen the reform of our three systems*

As the corporate requirements vary from branch to branch, the Group designed unique and appropriate solution packages by identifying specific issues, which are constantly required to deepen the reform of our three systems. First, we shall advance the structural reforms for our branches and subsidiaries. Second, we shall continue to optimize the mechanism for determining incentives and penalties. Third, we shall constantly deepen the reform of the cadre and personnel system to make full use of our human capital.

*(IV) to upgrade traditional industries by promoting the efficient operation of our governance system*

The Group will continue to optimize its governance and control system by establishing streamlined and efficient management model, firmly formulating the law-based concept, promoting the mechanism for work supervision and classifying management risks, which aims to strengthen our production control and achieve a significant improvement in gold production.

*(V) to persevere in safety and environmental protection*

Effective measures for safety and environmental protection are required by national laws, and constitute part of our corporate social responsibilities, which also satisfy the practical needs for the sustainability and development of the Group. Besides creating a business philosophy of legal and compliant operation, the Group shall increase its efforts to inspect and resolve hidden dangers, strengthen the accountability mechanism, and carry out effective work plans to improve our operation quality and effect.

*(VI) to accelerate the pace of high-quality development by highlighting the leadership of technological innovation*

The Group shall build an effective innovation platform by accelerating the reform of scientific and technological system and providing a standardized and orderly promotion channel. The Group shall further redouble its efforts to research the comprehensive development and utilization of gold ore and concentrate resources that are difficult to process so that our processing recovery rate can be improved at lower operating costs. Furthermore, the Group will pursue the in-depth integration of big data, internet, mechanization, automation, digitization, and smartization into the whole processing chain that covers ore exploration, processing, and smelting of gold production so that the obsolete production capacity can be phased out.

*(VII) to continue to prepare well for the pandemic prevention and control*

In light of the current pandemic spread around the world and the recent resurgence of the COVID-19 cases in China, the Group will continue to intensify our efforts, and conscientiously arrange pandemic prevention measures, to ensure the Group will continue with its stable operation.

## FINANCIAL INFORMATION

### 1. Operating Results

#### *Revenue*

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

	2020			2019		
	Amount (RMB'000)	Sales volume (kg/tonne)	Unit price (RMB per kg/tonne)	Amount (RMB'000)	Sales volume (kg/tonne)	Unit price (RMB per kg/tonne)
Gold bullion	5,168,910	13,350kgs	387,184	5,102,970	16,469kgs	309,853
Silver	82,796	20,540kgs	4,031	86,969	25,471kgs	3,414
Copper products	228,143	5,173tonnes	44,103	374,701	8,959tonnes	41,825
Sulphuric acid	785	82,794tonnes	9	5,707	81,584tonnes	70
Gold concentrates	120,714	336kgs	359,268	305,022	1,733kgs	176,008
Revenue before tax	5,601,348			5,875,369		
Less: Sales taxes	1,401			1,012		
	<u>5,599,947</u>			<u>5,874,357</u>		

The Group's revenue for the Fiscal Year 2020 was approximately RMB5,599,947,000, representing a decrease of approximately 4.7% as compared with the previous year, of which the revenue of gold bullion accounted for 92.3% of our total revenue. Although there was an increase in the average selling price of gold bullion, in the smelting segment, the production of gold bullion processed from compound gold purchased from external suppliers (the gross profit margin of which is relatively lower) was decreased, and the sales of copper products and gold concentrates declined.

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

The Group's gross profit and gross profit margin for the Fiscal Year 2020 were RMB654,633,000 and 11.7%, respectively, and the gross profit and gross profit margin in the previous year were RMB360,142,000 and 6.1%, respectively. The Group's overall gross profit margin increased, mainly due to a significant increase in the average selling price of gold bullion and the decreasing production of gold bullion processed from compound gold purchased from external suppliers (the gross profit margin of which is relatively lower) in the smelting segment during the Fiscal Year 2020.

### ***Other revenue***

The Group's other revenue for the Fiscal Year 2020 was approximately RMB76,431,000, representing an increase of approximately 129% as compared with approximately RMB33,345,000 in the previous year. The increase in other revenue was mainly due to the increase of interest income amounting to RMB12,810,000, the increase of service income and sundry income amounting to RMB18,159,000, and the increase of government grants amounting to RMB8,385,000.

### ***Selling and distribution expenses***

The Group's selling and distribution expenses for the Fiscal Year 2020 were approximately RMB5,507,000, representing an increase of approximately 2.5% as compared with the previous year.

### ***Administrative expenses and other operating expenses***

The Group's administrative expenses and other operating expense for the Fiscal Year 2020 amounted to approximately RMB276,238,000, representing a decrease of approximately 7.5% from approximately RMB298,513,000 for the previous year. The decrease in administrative expenses and other operating expenses was due to the optimization of relevant business flows and implementation of reform measures to lower cost and to enhance efficiency.

### ***Finance costs***

The Group's finance costs for the Fiscal Year 2020 were approximately RMB164,522,000, representing a decrease of approximately 9.8% as compared with approximately RMB182,464,000 for the previous year. The decrease of finance costs was mainly due to the decrease in interest expenses on bank loans.

### ***Profit/(loss) attributable to the Company's equity shareholders***

For the Fiscal Year 2020, the Company recorded a profit of approximately RMB89,700,000 attributable to equity shareholders of the Company (2019: the Company recorded a loss of approximately RMB233,502,000 attributable to equity shareholders of the Company). The basic and diluted earnings per share for the Fiscal Year 2020 was RMB10.4 cents (2019: the basic and diluted loss per share was RMB27.0 cents).

## 2. Liquidity and Financial Resources

The Group generally finances its acquisition and operations with internally generated funds and bank loans. The cash and bank balances as at 31 December 2020 amounted to RMB1,626,143,000 (31 December 2019: RMB1,190,763,000).

The total equity of the Group as at 31 December 2020 amounted to RMB1,611,021,000 (31 December 2019: RMB1,503,022,000). As at 31 December 2020, the Group had current assets of RMB3,575,327,000 (31 December 2019: RMB2,894,178,000) and current liabilities of RMB4,898,463,000 (31 December 2019: RMB3,871,947,000). The current ratio was 0.73 (31 December 2019: 0.75).

As at 31 December 2020, the Group had total outstanding bank and other borrowings of approximately RMB3,760,615,000 with interest rates ranging from 2.5% to 5.3% per annum (repayable within one year). The gearing ratio as at 31 December 2020 was 56.1% (31 December 2019: 57.6%), which was calculated by total borrowings divided by total assets.

As at 31 December 2020, the Group had unutilised bank facilities of approximately RMB1,239 million, of which directly related to bank loans facilities of RMB320 million. These facilities could be drawn down by the Group to finance its operation. Based on the past experience and the communication with banks, the Board believes that the Company has the ability to renew or secure banking facilities upon maturity.

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

- 1) increasing the production volume of the gold bullion and generate cash flows from operating activities by capturing the opportunities arising from the rising gold prices, strengthening internal management and optimizing cost reduction and efficiency enhancement measures, and increasing the output of gold bullion processed from gold concentrates;
- 2) securing certain funding by enhancing the communication and promoting mutual trust between the Group and banks and other financial institutions as well as taking advantage of the government's relatively loose financing policies;
- 3) increasing supply chain financing by taking full advantage of the attribute of high liquidity of inventories in the gold mining industry; and
- 4) increasing the liquidity and reducing short-term borrowings. The Group will arrange more secured long-term loan facilities at lower interest rates by the pledging of property, plant and equipment of the Group.

### **3. Security**

As at 31 December 2020, the Group or the Company did not provide any guarantees which would expose the Group or the Company to credit risk (31 December 2019: Nil).

### **4. Material Acquisition or Disposal**

There was no material acquisition or disposal during the year.

### **5. Market Risks**

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

#### ***Gold price and other commodities price risk***

The Group's revenue and profit for the Fiscal Year 2020 were affected by fluctuations in the gold prices and other commodity prices as all of our products were sold at market prices and such fluctuations in prices were beyond our control. The Group does not use and strictly prohibits the use of commodity derivative instruments or futures for speculation purpose. All commodity derivative instruments are used to minimise the potential price fluctuation of gold and other commodities.

#### ***Interest rate risk***

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

#### ***Exchange rate risk***

The Group's transactions are mainly denominated in Renminbi. As such, fluctuations in exchange rates may affect the international and domestic gold prices, and our operational results may be affected. Renminbi is not freely convertible and could fluctuate against a basket of currencies. The PRC government may take further actions and implement new measures on free conversion of Renminbi.

In addition to the foregoing, the exchange rate risks to which the Group exposes are mainly caused by certain bank deposits, trade and other receivables, trade and other payables and bank loans, which are denominated in foreign currencies. The currency risk is primarily United States dollars.

Fluctuations in exchange rates may adversely affect the value of our net assets, earnings and any dividends we declare when they are being converted or translated into Hong Kong dollars.

## **6. Contractual Obligations**

As at 31 December 2020, the Group's total capital commitments in respect of the contracted construction costs and the authorised but not contracted construction costs which were not provided for in the financial statements were approximately RMB79,351,000 (31 December 2019: RMB25,542,000) and RMB249,263,000 (31 December 2019: RMB254,281,000), respectively, representing an increase of approximately RMB53,809,000 and a decrease of RMB5,018,000, respectively.

## **7. Contingent Liabilities**

As at 31 December 2020, the Group had no material contingent liabilities.

## **8. Capital Expenditure**

For the Fiscal Year 2020, the Group's capital expenditure was approximately RMB386,237,000, representing an increase of approximately 27.7% from approximately RMB302,400,000 for the previous year.

The Group's capital expenditure mainly relates to the construction of mining shafts, expansion of project equipment and upgrading of production equipment.

## **9. Employees**

For the Fiscal Year 2020, the average number of employees of the Group was 4,017. The Company highly treasures its human resources and provides its employees with competitive remuneration and training programs.

## CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code (the “Code”) set out in Appendix 14 to the Listing Rules. Save as disclosed below, none of the Directors is aware of any information which would reasonably indicate that the Company has not, during the 12 months ended 31 December 2020, complied with all applicable code provisions of the Code.

Under provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chen Jianzheng is the chairman and the chief executive office of the Company. According to Article 145 of the Articles of Association of the Company, currently, the management executive committee (“**Management Executive Committee**”) of the Company exercises the operation and management powers (including the whole or part of the powers of the President) of the Company. The Management Executive Committee has two rotating chairmen, being Mr. Chen Jianzheng and Mr. Zeng Xiangxin, and they are responsible for the daily operation and management affairs of the Company. Therefore, the Board believes that the Company already has a strong corporate governance structure appropriate for its circumstances in place to ensure effective oversight of the management. Given Mr. Chen Jianzheng’s considerable industry experience and with the support of the management, the Board is of the view that it is in the best interest of the Group to have Mr. Chen Jianzheng taking up both roles for effective management and business development.

Under provision A.2.7 of the CG Code, the chairman should at least annually hold one meeting with the non-executive directors (including independent non-executive directors) without the executive directors present. The chairman has delegated the secretary to the Board to gather any concerns and/or questions that the non-executive directors and the independent non-executive directors might have and to report to him so that the chairman will arrange a meeting with them.



## **PURCHASE, SALES OR REDEMPTION OF SHARES OF THE COMPANY**

For the Fiscal Year 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

## **DIVIDENDS**

The Board does not recommend the payment of final dividend for the Fiscal Year 2020 (2019: Nil).

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities by directors and supervisors. Having made specific enquiries of all the Company's directors, all directors and supervisors of the Company have confirmed that they had fully complied with the required standard set out in the Model Code throughout the Fiscal Year 2020.

## **AUDIT COMMITTEE AND REVIEW OF RESULTS ANNOUNCEMENT FOR FISCAL YEAR 2020**

The Audit Committee comprises one non-executive director and four independent non-executive directors, namely, Mr. Xu Rong (Chairman), Mr. Shi Yuchen, Mr. Han Qinchun, Mr. Wang Jiheng and Mr. Wang Guanghua.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group, audit, internal control, and financial reports, as well as the policies and practices of the Company in respect of corporate governance. The Audit Committee has reviewed and confirmed annual results. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

Financial figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss, and the consolidated statement of profit or loss and other comprehensive income of the Group and related notes thereto for the year ended 31 December 2020 as set out in this announcement have been compared by the auditor of the Company, KPMG (Certified Public Accountants), with the amounts as contained in the audited consolidated financial statements of the Group for the year, and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by KPMG on this announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement has been published on the website of The Hong Kong Exchanges and Clearing Limited (the “**HK Exchange**”), [www.hkexnews.hk](http://www.hkexnews.hk), and the website of the Company, [www.irasia.com/listco/hk/lingbao](http://www.irasia.com/listco/hk/lingbao). The 2020 Annual Report will be despatched to shareholders in due course and published on the websites of HK Exchange and the Company.

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

Lingbao City, Henan Province, the PRC  
18 March 2021

*As at the date of this announcement, the Board comprises four executive directors, namely Mr. Chen Jianzheng, Mr. Xing Jiangze, Ms. Zhou Xing and Mr. Zeng Xiangxin; three non-executive directors, namely Mr. Shi Yuchen, Mr. Zhang Feihu and Mr. Wang Leo; and four independent non-executive directors, namely Mr. Xu Rong, Mr. Han Qinchun, Mr. Wang Jiheng and Mr. Wang Guanghua.*