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)

INTERIM REPORT 2018

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Chen Jianzhen *(Chairman)*
Mr. Xing Jiangze
Ms. Zhou Xing
Mr. Zhao Kun
Mr. Wang Leo

Non-executive Director

Mr. Shi Yuchen

Independent Non-executive Directors

Mr. Yang Dongsheng
Mr. Han Qinchun
Mr. Wang Jiheng
Mr. Wang Guanghua

SUPERVISORS

Mr. Wang Guodong
(Chairman of the Supervisory Committee)
Mr. Guo Xurang
Mr. Zhao Bingbing
Mr. Jiao Xiaoxiao

COMPANY SECRETARY

Mr. Poon, Lawrence Chi Leung

AUTHORISED REPRESENTATIVES

Mr. Chen Jianzheng
Mr. Poon, Lawrence Chi Leung

AUDIT COMMITTEE

Mr. Yang Dongsheng *(Chairman of Audit Committee)*
Mr. Shi Yuchen
Mr. Han Qinchun
Mr. Wang Jiheng
Mr. Wang Guanghua

NOMINATION COMMITTEE

Mr. Wang Guanghua
(Chairman of the Nomination Committee)
Mr. Xing Jiangze
Mr. Yang Dongsheng
Mr. Han Qinchun
Mr. Wang Jiheng

REMUNERATION COMMITTEE

Mr. Wang Jiheng
(Chairman of the Remuneration Committee)
Mr. Yang Dongsheng
Mr. Wang Guanghua
Mr. Han Qinchun

AUDITORS

KPMG

LEGAL ADVISER

Hong Kong law
DLA Piper Hong Kong

PRC law
Haiwen & Partners

PRINCIPAL BANKERS

Bank of China, Lingbao City Branch
Agricultural Bank of China, Lingbao City Branch
China Construction Bank, Lingbao City Branch
Industrial and Commercial Bank of China,
Lingbao City Branch
Industrial Bank, Zhengzhou Branch
Bank of Communications, Zhengzhou Branch
China Development Bank
Zhongyuan Bank, Sanmenxia 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 1902, 19th Floor, China Evergrande Centre
38 Gloucester Road
Wanchai
Hong Kong

STOCK INFORMATION

Stock Code	:	3330
Listing Date	:	12 January 2006
Issued Shares	:	297,274,000 shares (H Shares) 566,975,091 shares (Domestic shares)
Nominal Value	:	RMB0.20 per share
Stock Name	:	Lingbao Gold
Website	:	www.lbgold.com
Investors' Website	:	www.irasia.com/listco/hk/lingbao

INVESTOR RELATIONS CONTACT

Mr. Xing Jiangze
(PRC Office)
Hangu Road and
Jingshan Road Intersection
Lingbao City
Henan Province
The People's Republic of China
(Postcode: 472500)
Tel: (86-398) 8862-218
Fax: (86-398) 8860-166
Email: lbgold@lbgold.com

Mr. Poon, Lawrence Chi Leung
(Hong Kong Office)
Room 1902, 19th Floor, China Evergrande Centre
38 Gloucester Road
Wanchai
Hong Kong
Email: lbgold@lbgold.com

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS AND PROSPECT

In the first half of 2018, Lingbao Gold Group Company Ltd. ("Lingbao Gold" or the "Company") and its subsidiaries (together with the Company, the "Group") produced approximately 6,444 kg (equivalent to approximately 207,179 ounces) of gold, representing an increase of approximately 1,884 kg (equivalent to approximately 60,572 ounces) or approximately 41.3% as compared with the corresponding period of the previous year. The Group's revenue for the six months ended 30 June 2018 was approximately RMB2,879,894,000, representing an increase of approximately 24.7% as compared with the corresponding period of the previous year. For the six months ended 30 June 2018, the loss attributable to the equity shareholders of the Company was approximately RMB67,544,000 (six months ended 30 June 2017: profit attributable to the equity shareholders of the Company of RMB26,450,000). For the six months ended 30 June 2018, the basic loss per share of the Company was RMB0.08 (six months ended 30 June 2017: basic earning per share of RMB0.03). For the first half of 2018, the Group's losses were mainly due to the declining gross profit margin of the smelting segment and the increase in finance cost due to the increase in bank loans. The decrease in gross profit margin of the smelting segment was mainly attributable to (i) our insufficient working capital for the purchase of gold concentrates to maintain a high utilization rate of smelting facilities; and (ii) suspension of smelting activities for approximately one month due to repair and maintenance of the smelting facilities and upgrade of environmental equipment. Increase in finance cost was due to the increase in the total bank loans by approximately RMB693,626,000 to approximately RMB5,587,037,000 during the period.

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 41 mining and exploration rights as at 30 June 2018, covering 1,575.08 square kilometers. The total gold reserves and resources as at 30 June 2018 were approximately 50.02 tonnes (1,608,180 ounces) and 136.08 tonnes (4,375,073 ounces) respectively.

1. Mining Segment

Revenue and production

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

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

		For the six months ended 30 June			
		2018		2017	
	Unit	**Approximate production volume**	**Approximate sales volume**	Approximate production volume	Approximate sales volume
Gold concentrates (contained gold)	kg	**207**	**310**	726	684
Compound gold	kg	**330**	**316**	411	385
Total	kg	**537**	**626**	1,137	1,069
Total	ounce	**17,265**	**20,126**	36,555	34,369

The Group's total revenue from the mining segment for the first half of 2018 was approximately RMB215,675,000, representing a decrease of approximately 29.2% from approximately RMB304,697,000 for the same period in 2017. During the first half of 2018, turnover in Henan, Xinjiang, Inner Mongolia and KR represented approximately 30.0%, 44.8%, 10.5% and 14.7% of the total turnover from the mining segment respectively. The production of compound gold decreased by approximately 81 kg to approximately 330 kg, while production of gold concentrates decreased by approximately 519 kg to approximately 207 kg.

Segment results

The Group's total loss of the mining segment for the first half of 2018 was approximately RMB35,727,000, compared with loss of approximately RMB63,766,000 for the same period in 2017. The segment result to segment revenue ratio of the Group's mining segment for the first half of 2018 was approximately (16.57)%, compared with approximately (20.9)% in the corresponding period in 2017.

The decrease in production volume of gold concentrates was mainly due to the renewal of production and safety permits by Tongbai Xingyuan Mining Company Limited, which commenced suspension in October 2017 and recommenced production in May 2018.

2. Smelting Segment

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

		For the six months ended 30 June			
		2018		2017	
	Unit	Approximate production volume	Approximate sales volume	Approximate production volume	Approximate sales volume
Gold bullion	kg	**6,444**	**5,691**	4,560	4,578
	ounce	**207,179**	**182,970**	146,607	147,186
Silver	kg	**11,200**	**13,007**	7,142	9,650
	ounce	**360,088**	**418,185**	229,621	310,255
Electrolytic coppers	tonne	**5,557**	**11,179**	3,493	2,975
Sulphuric acid	tonne	**51,464**	**53,327**	39,334	39,942

Sales and production

The Group's total revenue in the smelting segment for the first half of 2018 was approximately RMB2,093,540,000, representing an increase of approximately 48.3% from approximately RMB1,411,600,000 for the same period of 2017. Such increase during the reporting period was mainly attributable to the increase in sales volume of gold bullion of approximately 24.3% over the same period of last year, resulted from the production suspension of the smelting plant during the first half of 2017. During the first half of 2018, 5,396 tonnes of electrolytic copper were purchased from and sold to third parties by the Group.

Excluding the impact from the production suspension for about one month, the Group's smelting plants processed approximately 843 tonnes of gold concentrates per day, with an utilisation rate of approximately 64.8%. During the first half of 2018, the Group continued to maintain the recovery rates of gold, silver and copper at a high level of approximately 96.89%, 73.76% and 96.61% respectively.

Segment results

The Group's total loss in the smelting segment for the first half of 2018 was approximately RMB3,784,000, compared with profit of approximately RMB66,972,000 for the same period in 2017. The segment results to segment revenue ratio of the Group's smelting business was approximately (0.2)% for the first half of 2018, compared with approximately 4.7% for the same period in 2017.

Revenue from the smelting segment during the period grew compared with the corresponding period of 2017, which was mainly attributable to the three-month suspension of smelting facilities due to environmental issues last year. The smelting segment reported losses, which was mainly due to insufficient working capital for the purchase of gold concentrates to maintain a high utilization rate of smelting facilities, as well as suspension of smelting activities for approximately one month due to repair and maintenance of the smelting facilities and upgrade of environmental equipment.

CONSOLIDATED OPERATING RESULTS

Revenue

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

	For the six months ended 30 June					
	2018			2017		
Product name	**Amount** *(RMB'000)*	**Sales volume**	**Unit price** *(RMB per kg/tonne/m²)*	Amount *(RMB'000)*	Sales volume	Unit price *(RMB per kg/tonne/m²)*
Gold bullion	**1,551,786**	**5,691 kg**	**272,674**	1,260,318	4,578 kg	275,299
Silver	**40,545**	**13,007 kg**	**3,117**	32,723	9,650 kg	3,391
Electrolytic coppers	**455,882**	**10,285 tonnes**	**44,325**	69,467	1,784 tonnes	38,939
Copper foils	**803,428**	**10,578 tonnes**	**75,953**	859,113	11,502 tonnes	74,693
Flexible copper clad laminate	**2,142**	**27,925 m²**	**77**	6,271	77,600 m²	81
Sulphuric acid	**7,604**	**53,327 tonnes**	**143**	2,406	39,942 tonnes	60
Gold concentrates	**1,894**	**8 kg**	**236,750**	74,367	309 kg	240,670
Others	**21,806**			11,927		
Revenue before tax	**2,885,087**			2,316,592		
Less: Sales taxes and levies	**(5,193)**			(6,673)		
	2,879,894			2,309,919		

The Group's revenue for the first half of 2018 was approximately RMB2,879,894,000, representing an increase of approximately 24.7% as compared with the corresponding period of the previous year. Such increase was mainly attributable to the increase in the sales volume of gold bullion and electrolytic copper during the period, which resulted in the increase in sales amount of gold bullion and electrolytic copper as compared to the corresponding period of the previous year.

In the first half of 2018, the Group's copper foil production volume amounted to approximately 10,589 tonnes, decreasing by 843 tonnes or 7.4% as compared with the corresponding period of the previous year. Copper foil sales volume was approximately 10,578 tonnes, decreasing by 924 tonnes or 8.0% as compared with the corresponding period of the previous year.

OUTLOOK

Looking into the second half of 2018, the Company will safeguard its profitability by focusing on the exploration of various mines, expediting construction of major projects, and exercising strict cost control. Due to a high debt ratio of the Company, especially under such circumstances where China is tightening credit facilities, the high level of debts will impede the financing capability of the Group for its future business development and affect its risk resistance on the ongoing basis. In this connection, the Company issued an announcement dated 12 August 2018 with respect to the disposal of Lingbao Wason Copper-Foil Company Limited (hereinafter referred to as "Wason Copper-Foil"). Following successful disposal of Wason Copper-Foil, the Company will reduce the outstanding debts of the remaining group so that it continues to focus on the major business operations, such as mining and smelting segments, while exploring potential investment opportunities that may arise. Furthermore, the Company will ensure that its production facilities will maximize its production capacities. Proceeds from disposal of Wason Copper-Foil is expected to provide the Company with more financial resources for its future business development.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its operations with internally generated funds, bank loans and loans from other financial institutions. The cash and cash equivalents balances as at 30 June 2018 amounted to RMB120,917,000 (31 December 2017: RMB455,427,000).

The total equity attributable to the equity shareholders of the Company as at 30 June 2018 amounted to RMB1,235,385,000 (31 December 2017: RMB1,223,931,000). As at 30 June 2018, the Group had current assets of RMB4,550,094,000 (31 December 2017: RMB3,922,443,000) and current liabilities of RMB5,982,417,000 (31 December 2017: RMB4,901,362,000). The current ratio was 0.76 (31 December 2017: 0.80).

As at 30 June 2018, the Group had total outstanding bank and other borrowings of approximately RMB5,587,037,000 (with interest rates ranging from 3.00% to 6.98% per annum), of which approximately RMB4,381,107,000 was repayable within one year, approximately RMB296,495,000 was repayable after one year but within two years, and approximately RMB909,435,000 was repayable after two years but within five years.

As at 30 June 2018, the Group had unutilised bank facilities of RMB2,276,000,000, which could be drawn down to finance its operation.

The gearing ratio as at 30 June 2018 was 64.1% (31 December 2017: 61.6%), which was calculated as total borrowings divided by total assets.

Security

As at 30 June 2018, bank loans of the Group amounting to RMB31,760,000 (31 December 2017: RMB64,035,000) were secured by a mining right with the carrying amount of RMB60,935,000 (31 December 2017: RMB66,523,000), the property, plant and equipment with the carrying amount of RMB70,094,000 (31 December 2017: RMB84,916,000) and equity interests in Full Gold Mining Limited Liability Company, a subsidiary of the Group in the KR.

As at 30 June 2018, loans from leasing companies amounting to RMB501,879,000 (31 December 2017: RMB546,250,000) were secured by machinery and equipment, mining shafts, equity interests in a subsidiary and pledged deposits.

As at 30 June 2018, bank loans of the Group amounting to RMB586,539,000 (31 December 2017: RMB nil) were guaranteed by Lingbao State-owned Assets Operation Company Limited ("Lingbao State-owned Assets") and RMB45,000,000 were guaranteed by Lingbao Jinsheng Mining Co., Ltd.

As at 30 June 2018, bank loans of the Group amounting to RMB1,369,737,000 (31 December 2017: RMB999,763,000) was secured by pledged deposits with the carrying amount of RMB948,868,000 (31 December 2017: RMB578,345,000) and bills receivable with the carrying amount of RMB30,039,000 (31 December 2017: RMB92,543,000).

As at 30 June 2018, bank loans of the Group amounting to RMB267,380,000 (31 December 2017: RMB nil) was secured by pledged deposits with the carrying amount of RMB22,250,000 and certain inventories with the carrying amount of RMB266,200,000.

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 period were affected by fluctuations in gold price and other commodities price, as the Group's products are sold at market prices and such fluctuations in prices are not controlled by the Group. Considerable fluctuations of gold price would lead to instability in the Group's operating results, especially in the event of a significant drop in gold price which would have a material adverse effect on the Group's operating results.

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 supporting general corporate purposes, including capital expenditure and working capital needs. The bank loans of the Group 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, which may cast financial impact on the Group.

Exchange rate risk

The Group's transactions are mainly denominated in Renminbi. As such, fluctuations in exchange rates may affect international and domestic gold prices, and our operation results may be affected. In addition to the foregoing, the exchange rate risks to which the Group is exposed are mainly from certain bank deposits, bank loans and trade receivables relating to copper foils sales, which are denominated in HK dollars and US dollars. Fluctuations in exchange rates may cast financial impact on the Group.

Contractual obligations

As at 30 June 2018, the total contracted capital commitments were approximately RMB80,222,000, representing a decrease of approximately RMB3,545,000 from approximately RMB83,767,000 as at 31 December 2017.

Capital expenditure

Capital expenditure during the period was approximately RMB248,168,000, including those in relation to the acquisition of property, plant and equipment and construction in progress of approximately RMB201,331,000, and acquisition of intangible assets of approximately RMB46,837,000.

Contingent liabilities

As at 30 June 2018, the Group had no material contingent liabilities.

Human resources

For the six months ended 30 June 2018, the average number of employees of the Group was 5,894. The Company highly treasures its human resources and provides its employees with competitive remuneration and training programs.

SHARE CAPITAL

As at 30 June 2018, there was a total of share capital of 864,249,091 shares of the Company which includes:

	Number of shares	Approximate percentage of total share capital
Domestic share	566,975,091	65.60%
H Shares	297,274,000	34.40%
Total	864,249,091	100.00%

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchases, sales or redemptions of the Company's shares by the Company or any of its subsidiaries during the period ended 30 June 2018.

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

The Directors, Supervisors and chief executive of the Company did not hold any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the Securities and Futures Ordinance ("SFO") as at 30 June 2018 that are required to be recorded in the register required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) kept under section 352 of the SFO; or (iii) required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code for Securities Transactions by Directors of listed issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rule").

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES OF THE COMPANY

As at 30 June 2018, as far as the Directors are aware of, the following persons, other than the Directors, Supervisors and chief executive of the Company, had an interest in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Number of domestic shares	Nature of interest	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total issued share capital
D&R Asset Management Group Company Limited	185,339,000	Beneficial owner	32.69%	21.45%
Lingbao State-owned Assets Operation Limited Liability Company (靈寶市國有資產經營有限責任公司)	73,540,620	Beneficial owner	12.97%	8.50%
Shanghai Zhengxi Investment Management Partnership (Limited Partnership)	57,000,000	Beneficial owner	10.05%	6.60%

Save as disclosed above, as at 30 June 2018, the Company had not been notified of any other persons who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

CHANGE IN INFORMATION OF DIRECTORS

There had been no substantial discloseable change in the information of the Directors since last disclosed in the 2017 annual report of the Company pursuant to Rule 13.51(B)(1) of the Listing Rules.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend.

CORPORATE GOVERNANCE

The Company has complied with all the corporate governance codes (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period, save for the follow:

Under Code Provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chen Jianzheng is the chairman and chief executive officer of the Company, thus, there is a deviation from the Code Provision A.2.1. Mr. Chen Jianzheng has considerable industry experience and the Board is of the view that with the support of the management, vesting the roles of both chairman and chief executive officer on the same person can facilitate execution of the Group's business strategies and boost effectiveness of its operation.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for securities transactions by the directors of the Company. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The audit committee ("Audit Committee") of the Company comprises four independent non-executive directors and one non-executive director, namely, Mr. Yang Dongsheng, Mr. Han Qinchun, Mr. Wang Jiheng, Mr. Wang Guanghua and Mr. Shi Yuchen. An Audit Committee meeting was held on 31 August 2018 to review the unaudited interim financial report for six months ended 30 June 2018. KPMG, the Group's external auditor, has carried out a review of the interim financial report for the six months ended 30 June 2018 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.

By order of the Board

Chen Jianzhen
Chairman

Lingbao City, Henan Province, The PRC
31 August 2018

INDEPENDENT AUDITOR'S 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 interim financial report set out on pages 16 to 46 which comprises the consolidated statement of financial position of Lingbao Gold Group Company Ltd. (the "Company") as of 30 June 2018 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, 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 Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion 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 report consists of making enquiries, 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 2018 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

31 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018 — unaudited (Expressed in Renminbi Yuan)

	Note	Six months ended 30 June 2018 RMB'000	Six months ended 30 June 2017 RMB'000
Revenue	4	**2,879,894**	2,309,919
Cost of sales		**(2,627,582)**	(1,970,951)
Gross profit		**252,312**	338,968
Other revenue		**17,051**	25,064
Other net loss	5(b)	**(3,419)**	(13,208)
Selling and distribution expenses		**(21,824)**	(30,609)
Administrative expenses and other operating expenses		**(181,120)**	(183,004)
Profit from operations		**63,000**	137,211
Finance costs	5(a)	**(134,062)**	(106,907)
(Loss)/profit before taxation	5	**(71,062)**	30,304
Income tax	6	**(6,749)**	(19,999)
(Loss)/profit for the period		**(77,811)**	10,305
Attributable to:			
Equity shareholders of the Company		**(67,544)**	26,450
Non-controlling interests		**(10,267)**	(16,145)
(Loss)/profit for the period		**(77,811)**	10,305
Basic and diluted (loss)/earnings per share (RMB cents)	7	**(8.0)**	3.4

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 22 to 46 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018 — unaudited (Expressed in Renminbi Yuan)

	Note	**Six months ended 30 June 2018 RMB'000**	Six months ended 30 June 2017 RMB'000
(Loss)/profit for the period		**(77,811)**	10,305
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		**(7,595)**	11,811
Total comprehensive income for the period		**(85,406)**	22,116
Attributable to:			
Equity shareholders of the Company		**(73,682)**	35,884
Non-controlling interests		**(11,724)**	(13,768)
Total comprehensive income for the period		**(85,406)**	22,116

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 22 to 46 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018 — unaudited (Expressed in Renminbi Yuan)

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Non-current assets			
Property, plant and equipment	8	**2,064,936**	2,111,998
Construction in progress	8	**681,584**	526,191
Intangible assets	9	**773,773**	730,398
Goodwill		**7,302**	7,302
Lease prepayments		**206,215**	209,660
Interest in associates		**21,531**	21,531
Other financial assets	2(b)	**13,625**	10,504
Non-current prepayments		**175,072**	185,980
Deferred tax assets		**195,607**	187,299
Other non-current assets		**32,096**	33,361
		4,171,741	4,024,224
Current assets			
Inventories	10	**1,422,822**	1,375,052
Trade and other receivables, deposits and prepayments	11	**1,653,137**	1,204,982
Assets classified as held for sale		**5,423**	5,423
Current tax recoverable		**12,280**	6,601
Pledged deposits		**1,335,515**	874,958
Cash and cash equivalents	12	**120,917**	455,427
		4,550,094	3,922,443
Current liabilities			
Bank and other borrowings	13	**4,381,107**	3,380,986
Trade and other payables	14	**1,562,759**	1,499,349
Contract liabilities	2(c)	**37,586**	—
Loan from shareholders		**—**	13,800
Current tax payable		**965**	7,227
		5,982,417	4,901,362
Net current liabilities		**(1,432,323)**	(978,919)
Total assets less current liabilities		**2,739,418**	3,045,305

	Note	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000
Non-current liabilities			
Bank and other borrowings	13	**1,205,930**	1,512,425
Other payables	14	**144,064**	144,860
Deferred tax liabilities		**6,332**	4,658
		1,356,326	1,661,943
NET ASSETS		**1,383,092**	1,383,362
CAPITAL AND RESERVES	15		
Share capital		**172,850**	154,050
Reserves		**1,062,535**	1,069,881
Total equity attributable to equity shareholders of the Company		**1,235,385**	1,223,931
Non-controlling interests		**147,707**	159,431
TOTAL EQUITY		**1,383,092**	1,383,362

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

Approved and authorised for issue by the board of directors on 31 August 2018.

Chen Jianzheng
Executive director and chairman

Xing Jiangze
Executive director

The notes on pages 22 to 46 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018 — unaudited (Expressed in Renminbi Yuan)

	Attributable to 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 2017	154,050	827,931	160,878	(30,063)	(858)	7,206	1,119,144	(67,540)	1,051,604
Changes in equity for the six months ended 30 June 2017:									
Profit for the period	–	–	–	–	–	26,450	26,450	(16,145)	10,305
Other comprehensive income	–	–	–	9,434	–	–	9,434	2,377	11,811
Total comprehensive income for the period	–	–	–	9,434	–	26,450	35,884	(13,768)	22,116
Appropriation of safety production funds (note 15(c))	–	–	10,658	–	–	(10,658)	–	–	–
Utilisation of safety production funds (note 15(c))	–	–	(10,658)	–	–	10,658	–	–	–
Balance at 30 June 2017 and 1 July 2017	154,050	827,931	160,878	(20,629)	(858)	33,656	1,155,028	(81,308)	1,073,720
Changes in equity for the six months ended 31 December 2017:									
Profit for the period	–	–	–	–	–	53,384	53,384	(13,051)	40,333
Other comprehensive income	–	–	–	15,519	–	–	15,519	3,790	19,309
Total comprehensive income for the period	–	–	–	15,519	–	53,384	68,903	(9,261)	59,642
Turning other investment into a subsidiary	–	–	–	–	–	–	–	215,000	215,000
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	35,000	35,000
Appropriation of safety production fund (note 15(c))	–	–	21,492	–	–	(21,492)	–	–	–
Utilisation of safety production fund (note 15(c))	–	–	(21,492)	–	–	21,492	–	–	–
Balance at 31 December 2017 (Note)	154,050	827,931	160,878	(5,110)	(858)	87,040	1,223,931	159,431	1,383,362
Balance at 31 December 2017	**154,050**	**827,931**	**160,878**	**(5,110)**	**(858)**	**87,040**	**1,223,931**	**159,431**	**1,383,362**
Impact on initial application of HKFRS 9 (note 2(b))	**–**	**–**	**–**	**–**	**–**	**2,341**	**2,341**	**–**	**2,341**
Balance at 1 January 2018	**154,050**	**827,931**	**160,878**	**(5,110)**	**(858)**	**89,381**	**1,226,272**	**159,431**	**1,385,703**
Changes in equity for the six months ended 30 June 2018:									
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(67,544)**	**(67,544)**	**(10,267)**	**(77,811)**
Other comprehensive income	**–**	**–**	**–**	**(6,138)**	**–**	**–**	**(6,138)**	**(1,457)**	**(7,595)**
Total comprehensive income for the period	**–**	**–**	**–**	**(6,138)**	**–**	**(67,544)**	**(73,682)**	**(11,724)**	**(85,406)**
Issue of new domestic shares (note 15(a))	**18,800**	**63,995**	**–**	**–**	**–**	**–**	**82,795**	**–**	**82,795**
Appropriation of safety production funds (note 15(c))	**–**	**–**	**14,065**	**–**	**–**	**(14,065)**	**–**	**–**	**–**
Utilisation of safety production funds (note 15(c))	**–**	**–**	**(14,065)**	**–**	**–**	**14,065**	**–**	**–**	**–**
Balance at 30 June 2018	**172,850**	**891,926**	**160,878**	**(11,248)**	**(858)**	**21,837**	**1,235,385**	**147,707**	**1,383,092**

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 22 to 46 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2018 — unaudited (Expressed in Renminbi Yuan)

	Note	**Six months ended 30 June 2018 RMB'000**	Six months ended 30 June 2017 RMB'000
Operating activities			
Cash used in operations		**(89,700)**	(15,253)
PRC income tax paid		**(26,105)**	(33,135)
Net cash used in operating activities		**(115,805)**	(48,388)
Investing activities			
Payment for construction in progress		**(254,834)**	(37,652)
Payment for purchase of property, plant and equipment		**(22,656)**	(24,954)
Payment for investment deposit		**(94,000)**	—
Other cash flows arising from investing activities		**(40,808)**	(21,557)
Net cash used in investing activities		**(412,298)**	(84,163)
Financing activities			
Proceeds from bank and other borrowings		**2,548,180**	1,216,467
Repayment of bank and other borrowings		**(1,881,285)**	(1,299,105)
Repayment of loans from shareholders		**(13,800)**	—
Net proceeds from the issuance of new domestic shares		**82,795**	—
Pledged deposits placed for borrowings		**(392,773)**	(142,740)
Other cash flows arising from financing activities		**(149,953)**	(111,677)
Net cash generated from/(used in) financing activities		**193,164**	(337,055)
Net decrease in cash and cash equivalents		**(334,939)**	(469,606)
Cash and cash equivalents at 1 January	12	**455,427**	1,164,569
Effect of foreign exchange rates changes		**429**	(1,389)
Cash and cash equivalents at 30 June	12	**120,917**	693,574

The notes on pages 22 to 46 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 31 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 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.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Lingbao Gold Group Company Ltd. (the "Company") and its subsidiaries (together "the Group") since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

As at 30 June 2018, the Group had net current liabilities of RMB1,432 million (which included cash and cash equivalents of RMB121 million), total borrowings of RMB5,587 million and capital commitments of RMB350 million. In view of these circumstance, 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 30 June 2018, taking into account the Group's cash flow projection, including the Group's unutilised banking facilities of RMB2,276 million, ability to renew or refinance the banking facilities upon maturity and the Group's future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that it 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.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 14 to 15.

2 CHANGES IN ACCOUNTING POLICIES

(a) Overview

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

- HKFRS 9, Financial instrument
- HKFRS 15, Revenue from contracts with customers
- HK(IFRIC) 22, Foreign currency transactions and advance consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The Group has been impacted by HKFRS 9 in relation to classification and measurement of financial assets, and impacted by HKFRS 15 in relation to presentation of contract liabilities. Other developments has not had a material effect on how the Group's results and financial position for the current or prior period have been prepared or presented in this interim financial report.

Details of the changes in accounting policies are discussed in note 2 (b) for HKFRS 9 and note 2 (c) for HKFRS 15.

Under the transition methods chosen, the group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9 and/or HKFRS 15:

2 CHANGES IN ACCOUNTING POLICIES (continued)

(a) Overview (continued)

	At 31 December 2017 RMB'000	Impact on initial application of HKFRS 9 (Note 2(b)) RMB'000	Impact on initial application of HKFRS 15 (Note 2(c)) RMB'000	**At 1 January 2018 RMB'000**
Other financial assets	10,504	3,121	–	**13,625**
Total non-current assets	4,024,224	3,121	–	**4,027,345**
Total current assets	3,922,443	–	–	**3,922,443**
Contract liabilities	–	–	(32,669)	**(32,669)**
Trade and other payables	(1,499,349)	–	32,669	**(1,466,680)**
Total current liabilities	(4,901,362)	–	–	**(4,901,362)**
Net current liabilities	(978,919)	–	–	**(978,919)**
Total assets less current liabilities	3,045,305	3,121	–	**3,048,426**
Deferred tax liabilities	(4,658)	(780)	–	**(5,438)**
Total non-current liabilities	(1,661,943)	(780)	–	**(1,662,723)**
Net assets	1,383,362	2,341	–	**1,385,703**
Reserves	(1,069,881)	(2,341)	–	**(1,072,222)**
Total equity attributable to equity shareholders of the company	(1,223,931)	(2,341)	–	**(1,226,272)**
Non-controlling interests	(159,431)	–	–	**(159,431)**
Total equity	(1,383,362)	(2,341)	–	**(1,385,703)**

Further details of these changes are set out in sub-sections (b) and (c) of this note.

(b) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, Financial instruments: *recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained earnings and reserves and the related tax impact at 1 January 2018.

2 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments (continued)

Retained earnings

	RMB'000
Fair value adjustment for other financial assets	3,121
Related tax	(780)
Net increase in retained earnings at 1 January 2018	2,341

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

The following table shows the original measurement categories for each class of the group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

2 CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9, Financial instruments (continued)

Retained earnings (continued)

(i) Classification of financial assets and financial liabilities (continued)

	HKAS 39 carrying amount at 31 December 2017 RMB'000	Reclassification RMB'000	Remeasurement RMB'000	**HKFRS 9 carrying amount at 1 January 2018 RMB'000**
Financial assets carried at amortised costs				
Cash and cash equivalents	455,427	–	–	**455,427**
Pledged deposits	874,958	–	–	**874,958**
Trade and other receivables	1,204,982	–	–	**1,204,982**
	2,535,367	**–**	**–**	**2,535,367**
Financial assets carried at costs				
Other financial assets (note (i))	10,504	(10,504)	–	**–**
Financial assets carried at FVPL				
Other financial assets (note (i))	–	10,504	3,121	**13,625**

Note:

(i) Under HKAS 39, equity securities not held for trading were classified as other financial assets. These equity securities are classified as at FVPL under HKFRS 9.

The measurement categories for all financial liabilities remain the same.

The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

(ii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except that, information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

2 CHANGES IN ACCOUNTING POLICIES (continued)

(c) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method. Comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Presentation of contract liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation, the Group has made the following adjustment at 1 January 2018, as a result of the adoption of HKFRS 15:

"Advance receipts from customers" amounting to RMB32,669,000 as at 1 January 2018, which were mainly related to sales of goods and previously included in trade and other payables are now included under contract liabilities.

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. 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 (the "PRC").
Mining-KR	—	Gold mining and mineral ores processing operations in Kyrgyz Republic ("KR").
Smelting	—	Gold and other metal smelting and refinery operations carried out in the PRC.
Copper processing	—	Copper processing operation carried out 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 period is set out below.

	Mining – PRC		Mining – KR		Smelting		Copper Processing		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
For the six months ended 30 June										
Revenue from external customers	**20,050**	74,618	**–**	9,722	**2,055,817**	1,364,914	**809,220**	867,338	**2,885,087**	2,316,592
Inter-segment revenue	**163,967**	209,884	**31,685**	10,513	**39,717**	47,646	**–**	–	**235,369**	268,043
Sales taxes and levies	**(27)**	(40)	**–**	–	**(1,994)**	(960)	**(3,172)**	(5,673)	**(5,193)**	(6,673)
Reportable segment revenue	**183,990**	284,462	**31,685**	20,235	**2,093,540**	1,411,600	**806,048**	861,665	**3,115,263**	2,577,962
Reportable segment (loss)/profit	**(13,096)**	(17,271)	**(22,631)**	(46,495)	**(3,784)**	66,972	**137,873**	165,893	**98,362**	169,099
(Provision)/reversal of impairment on:										
– trade and other receivables	**(1,500)**	(4)	**–**	–	**–**	–	**(2,583)**	2,455	**(4,083)**	2,451
– purchase deposits	**–**	–	**–**	–	**–**	7,050	**–**	–	**–**	7,050
As at 30 June/31 December										
Reportable segment assets	**2,258,017**	2,206,812	**850,962**	860,756	**2,401,053**	1,862,503	**3,141,111**	2,457,580	**8,651,143**	7,387,651
Reportable segment liabilities	**1,701,155**	1,622,392	**1,422,302**	1,384,266	**1,671,709**	1,114,977	**1,855,172**	1,261,195	**6,650,338**	5,382,830

3 SEGMENT REPORTING (continued)

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

	Six months ended 30 June 2018 RMB'000	Six months ended 30 June 2017 RMB'000
Revenue		
Reportable segment revenue	**3,115,263**	2,577,962
Elimination of inter-segment revenue	**(235,369)**	(268,043)
Consolidated revenue	**2,879,894**	2,309,919
Profit or loss		
Reportable segment profit	**98,362**	169,099
Elimination of inter-segment profits	**(5,963)**	3,600
Reportable segment profit derived from the Group's external customers	**92,399**	172,699
Other net loss	**(3,419)**	(13,208)
Finance costs	**(134,062)**	(106,907)
Unallocated head office and corporate expenses	**(25,980)**	(22,280)
Consolidated (loss)/profit before taxation	**(71,062)**	30,304

4 REVENUE

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

Revenue represents the sales value of goods sold to customers, net of sales tax and value added tax. The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June 2018 RMB'000	Six months ended 30 June 2017 RMB'000
Sales of:		
— gold	**1,551,786**	1,260,318
— other metals	**1,298,163**	961,510
— others	**35,138**	94,764
Less: Sales taxes and levies	**(5,193)**	(6,673)
	2,879,894	2,309,919

5 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs:

	Six months ended 30 June 2018 RMB'000	Six months ended 30 June 2017 RMB'000
Interest expenses on bank and other borrowings	**117,109**	100,343
Less: Interest expense capitalised into construction in progress	**—**	—
	117,109	100,343
Other finance costs	**16,953**	6,564
Total finance costs	**134,062**	106,907

5 (LOSS)/PROFIT BEFORE TAXATION (continued)

(Loss)/profit before taxation is arrived at after charging/(crediting): (continued)

(b) Other net loss:

	Six months ended 30 June 2018 RMB'000	Six months ended 30 June 2017 RMB'000
Net realised and unrealised losses on financial instruments at fair value	**1,742**	10,070
Others	**1,677**	3,138
Total other net loss	**3,419**	13,208

(c) Other items:

	Six months ended 30 June 2018 RMB'000	Six months ended 30 June 2017 RMB'000
Amortisation of lease prepayments	**3,427**	2,968
Amortisation of intangible assets	**5,329**	6,950
Total depreciation	**94,542**	118,897
Less: Depreciation capitalised into construction in progress	**(168)**	—
	94,374	118,897
Provision/(reversal) of impairment on:		
— trade and other receivables	**4,083**	(2,451)
— purchase deposits	**—**	(7,050)
Operating lease charges in respect of properties	**646**	1,077
Environmental rehabilitation fees	**—**	11,624
Research and development expenses (other than depreciation)	**18,974**	20,717
Government grants	**(3,760)**	(3,159)
Bank interest income	**(8,998)**	(5,787)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June 2018 RMB'000	Six months ended 30 June 2017 RMB'000
Current tax — PRC income tax	**14,361**	21,301
(Over)/under-provision in respect of prior years	**(198)**	358
Deferred taxation	**(7,414)**	(1,660)
	6,749	19,999

(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, Lingbao Wason Copper-Foil Company Limited ("Wason Copper-Foil") was accredited as a "High and New Technology Enterprise" ("HNTE") in 2009. It was entitled to a preferential income tax rate of 15% for a period of three years from 2009 to 2011. Wason Copper-Foil renewed its HNTE qualification in 2012 and 2015, and therefore has been entitled to the preferential tax rate of 15% till 2017.

Another subsidiary, Lingbao Hongyu Electronics Company Limited ("Hongyu Electronics"), was accredited as a "High and New Technology Enterprise" ("HNTE") in 2015 and was entitled to a preferential income tax rate of 15% for a period of three years from 2015 to 2017.

Wason Copper-Foil and Hongyu Electronics are currently applying for an extension of such preferential income tax treatment for another three years from 2018 to 2020. The directors of the Company believe that Wason Copper-Foil and Hongyu Electronics will continue to enjoy such preferential tax rate of 15% for another three years pursuant to the current applicable PRC tax laws and regulations.

Under the CIT Law and its relevant regulation, qualified research and development expenses are subject to income tax deduction at 150% on the amount actually incurred.

(b) Hong Kong profits tax rate for 2018 is 16.5% (2017: 16.5%). No provision for Hong Kong profits tax is made for the six months ended 30 June 2018 as the subsidiary located in Hong Kong did not earn any income which is subject to Hong Kong profits tax.

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

(c) Kyrgyzstan corporate income tax rate in 2018 is 0% (2017: 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".

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share for the six months ended 30 June 2018 is based on the loss attributable to equity shareholders of the Company of RMB67,544,000 (six months ended 30 June 2017: profit of RMB26,450,000) and the weighted average of 845,033,621 ordinary shares in issue during the six months ended 30 June 2018 (six months ended 30 June 2017: 770,249,091 ordinary shares).

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for the six months ended 30 June 2018 and 2017 are the same as the basic (loss)/earnings per share as there are no dilutive potential ordinary shares during the periods.

8 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Acquisitions and disposals

During the six months ended 30 June 2018, acquisitions of property, plant and equipment and additions of construction in progress of the Group amounted to RMB40,321,000 (six months ended 30 June 2017: RMB14,587,000) and RMB161,010,000 (six months ended 30 June 2017: RMB25,992,000), respectively. Items of property, plant and equipment and construction in progress with an aggregate net book value of RMB3,323,000 were disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: RMB3,142,000), resulting in a gain on disposal of RMB84,000 (six months ended 30 June 2017: loss on disposal of RMB2,087,000).

9 INTANGIBLE ASSETS

Acquisitions and disposals

During the six months ended 30 June 2018, additions of exploration and evaluation assets and mining rights made by the Group amounted to RMB7,122,000 and RMB39,715,000 respectively (six months ended 30 June 2017: RMB19,073,000 and RMB Nil respectively). No intangible assets were disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

10 INVENTORIES

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Raw materials	**903,847**	1,025,264
Work in progress	**71,488**	109,671
Finished goods	**349,809**	150,093
Spare parts and materials	**97,678**	90,024
	1,422,822	1,375,052

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

	Six months ended 30 June 2018 RMB'000	Six months ended 30 June 2017 RMB'000
Carrying amount of inventories sold	**2,623,557**	1,966,441
Write-down of inventories	**4,025**	4,510
	2,627,582	1,970,951

During the six months ended 30 June 2018, RMB4,025,000 (six months ended 30 June 2017: RMB4,510,000) has been recognised as an expense in profit or loss during the period, being the amount of a write-down of inventories to estimated net realisable value.

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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 allowance for doubtful debts, is as follows:

	Note	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000
Within 3 months		**346,897**	460,783
Over 3 months but within 6 months		**104,401**	109,487
Over 6 months but within 1 year		**52,764**	9,374
Over 1 year		**3,948**	2,058
Trade debtors and bills receivable, net of allowance for doubtful debts	(a)	**508,010**	581,702
Other receivables, net of allowance for doubtful debts		**412,829**	146,266
Receivables		**920,839**	727,968
Purchase deposits, net of allowance for non-delivery	(b)	**732,298**	477,014
		1,653,137	1,204,982

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

Transfers of financial assets

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

As at 30 June 2018, the Group endorsed certain bank acceptance bills with a carrying amount of RMB72,253,000 (31 December 2017: RMB93,380,000) to suppliers for settling trade payables of the same amount on a full recourse basis. In the opinion of the directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, and accordingly, the full carrying amounts of these bills receivable and the trade payables are not derecognized.

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(a) (continued)

Transfers of financial assets (continued)

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

As at 30 June 2018, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and the payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 30 June 2018, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to banks or suppliers in respect of the discounted bills and endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB942,981,000 and RMB224,076,000 (31 December 2017: RMB202,112,000 and RMB481,543,000) respectively.

(b) Purchase deposits represent the amounts paid by the Group in advance to suppliers to secure timely and stable supply of mineral sand for the purposes of refining in future periods. The directors of the Company consider that appropriate procedures have been taken by the Group to assess the capabilities of the suppliers to supply mineral sand, and expect that the purchase deposits would be gradually recovered through future purchases of mineral sand from the respective suppliers.

12 CASH AND CASH EQUIVALENTS

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Cash and cash equivalents in the condensed consolidated cash flow statement	**120,917**	455,427

13 BANK AND OTHER BORROWINGS

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

	Note	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000
Short-term bank and other borrowings:			
— Bank loans		**3,313,097**	3,027,296
— Add: current portion of long-term bank loans		**953,400**	251,000
current portion of loans from leasing companies		**114,610**	102,690
		4,381,107	3,380,986
Long-term bank and other borrowings:			
— Bank loans		**1,772,061**	1,319,865
— Loans from leasing companies	(a)	**501,879**	546,250
— Less: current portion of long-term bank loans		**(953,400)**	(251,000)
current portion of loans from leasing companies		**(114,610)**	(102,690)
		1,205,930	1,512,425
		5,587,037	4,893,411

(a) During the year ended 31 December 2016, Wason Copper-Foil, a subsidiary of the Group, entered into a sales and leaseback agreement with a leasing company for machinery and equipment ("Secured Assets I") amounting to RMB400,000,000 for a period of 7 years. Upon maturity, Wason Copper-Foil will be entitled to purchase the Secured Assets I with no consideration. The Group considered that it was almost certain that Wason Copper-Foil would exercise this repurchase option. As substantial risk and rewards of the Secured Assets I were retained by Wason Copper-Foil before and after these arrangements, the transaction was regarded as secured borrowings, rather than finance lease arrangement. Till the end of 30 June 2018, Wason Copper-Foil had repaid RMB60,000,000 in accordance with the instalment payment schedule pursuant to the sales and leaseback agreement.

As at 30 June 2018, the outstanding loan from that leasing company amounting to RMB340,000,000 was secured by machinery and equipment with the carrying amount of RMB328,426,000 and equity interests in Wason Copper-Foil.

13 BANK AND OTHER BORROWINGS (continued)

During the year ended 31 December 2017, the Company entered into a sales and leaseback agreement with a leasing company for machinery and equipment ("Secured Assets II") amounting to RMB191,250,000 for a period of 3 years. Upon maturity, the Company will be entitled to purchase the Secured Assets II with consideration of RMB100. The Group considered that it was almost certain to exercise this repurchase option. As substantial risk and rewards of the Secured Assets II were retained by the Company before and after these arrangements, the transaction was regarded as secured borrowings, rather than finance lease arrangement. Till the end of 30 June 2018, the Company had repaid RMB29,371,000 in accordance with the instalment payment schedule pursuant to the sales and leaseback agreement.

As at 30 June 2018, the outstanding loan from that leasing company amounting to RMB161,879,000. was secured by mining shafts of Nanshan with carrying amount of RMB133,054,000 and pledged deposits with carrying amount of RMB10,000,000.

At 30 June 2018, the bank and other borrowings were repayable as follows:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Within one year or on demand	**4,381,107**	3,380,986
Over one year but within two years	**296,495**	1,099,228
Over two years but within five years	**909,435**	354,901
Over five years	**—**	58,296
	1,205,930	1,512,425
	—	—
	5,587,037	4,893,411

At 30 June 2018, the bank and other borrowings were secured as follows:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Bank loans		
— Secured	**2,170,756**	1,610,048
— Guaranteed	**631,539**	—
— Unsecured	**2,784,742**	3,283,363
	5,587,037	4,893,411

13 BANK AND OTHER BORROWINGS (continued)

At 30 June 2018, bank loans of the Group amounting to RMB31,760,000 (31 December 2017: RMB64,035,000) were secured by a mining right with the carrying amount of RMB60,935,000 (31 December 2017: RMB66,523,000), the property, plant and equipment with the carrying amount of RMB70,094,000 (31 December 2017: RMB84,916,000) and equity interests in Full Gold Mining Limited Liability Company, a subsidiary of the Group in the KR.

At 30 June 2018, loans from leasing companies amounting to RMB501,879,000 (31 December 2017: RMB546,250,000) were secured by machinery and equipment, mining shafts, equity interests in a subsidiary and pledged deposits, details of which are set out in note 13(a).

At 30 June 2018, bank loans of the Group amounting to RMB586,539,000 (31 December 2017: RMB nil) were guaranteed by Lingbao State-owned Assets Operation Company Limited ("Lingbao State-owned Assets") and RMB45,000,000 were guaranteed by Lingbao Jinsheng Mining Co., Ltd.

At 30 June 2018, bank loans of the Group amounting to RMB1,369,737,000 (31 December 2017: RMB999,763,000) was secured by pledged deposits with the carrying amount of RMB948,868,000(31 December 2017:RMB578,345,000) and bills receivable with the carrying amount of RMB30,039,000(31 December 2017:RMB92,543,000).

At 30 June 2018, bank loans of the Group amounting to RMB267,380,000 (31 December 2017: RMB nil) was secured by pledged deposits with the carrying amount of RMB22,250,000 and certain inventories with the carrying amount of RMB266,200,000.

Certain of the Group's bank loan facilities are 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 under such facilities would become payable on demand. As at 30 June 2018, certain covenants of three banks were breached by the Group. The Group obtained waiver letters in 2018 from the three banks, confirming that they do not treat the company has breached the relevant covenants under the existing loan agreements.

14 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	Note	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000
Current			
Within 3 months		**386,346**	498,912
Over 3 months but within 6 months		**37,734**	30,515
Over 6 months but within 1 year		**111,934**	62,753
Over 1 year but within 2 years		**6,728**	19,684
Over 2 years		**6,400**	8,888
Total trade creditors		**549,142**	620,752
Bills payable		**361,102**	160,000
Other payables and accruals		**415,284**	484,058
Total creditors and bills payable		**776,386**	644,058
Payable for mining rights		**80,557**	79,554
Deferred income	(a)	**80,390**	80,390
Cash-settled written put option	(d)	**50,000**	50,000
Payable to non-controlling interests	(b)	**23,629**	23,335
Dividend payable		**1,260**	1,260
Financial liabilities measured at amortised cost		**1,561,364**	1,499,349
Financial liabilities at fair value through profit or loss	16(a)	**1,395**	—
		1,562,759	1,499,349
Non-current			
Decommissioning costs	(c)	**52,061**	50,147
Deferred income	(a)	**92,003**	94,713
		144,064	144,860

14 TRADE AND OTHER PAYABLES (continued)

(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 RMB52,061,000 (31 December 2017: RMB50,147,000) in total as at 30 June 2018.

(d) On 14 December 2017, an investment agreement was entered into between the Company, D&R Xinwei Advanced Manufacturing Fund (LP) ("D&R Fund") and Lingxin Gold Metallurgical, a subsidiary of the Group, in respect of increasing the registered capital of RMB50,000,000 in Lingxin Gold Metallurgical invested by D&R Fund. Pursuant to the investment agreement, the Group also granted a written put option to D&R Fund, giving it the right to sell its entire interest in Lingxin Gold Metallurgical at a consideration which comprises the capital injection of RMB50,000,000 and related interests with an annual interest rate of 9%.

At 30 June 2018 and 31 December 2017, the present value of the redemption price of the cash-settled written put option of RMB50,000,000 was recorded as a current payable.

15 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	Number of shares	Amount RMB'000
As at 1 January 2017, 31 December 2017 and 1 January 2018		
Registered, issued and fully paid:		
Domestic shares of RMB0.20 each	472,975,091	94,595
H shares of RMB0.20 each	297,274,000	59,455
Subtotal	770,249,091	154,050
Issuance of new domestic shares	94,000,000	18,800
As at 30 June 2018		
Registered, issued and fully paid:		
Domestic shares of RMB0.20 each	566,975,091	113,395
H shares of RMB0.20 each	297,274,000	59,455
Total	864,249,091	172,850

15 CAPITAL, RESERVES AND DIVIDENDS (continued)

(a) Share capital (continued)

On 7 February 2018, the Group issued an aggregate of 94,000,000 domestic shares with a par value of RMB0.20, at a price of RMB0.912 per share. Net proceeds from the issuance amounted to RMB82,795,000 after deducting issuance costs from gross proceeds of RMB85,728,000. The difference between the net proceeds and the addition to share capital is recorded in share premium.

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

(b) Dividends

(i) Dividends payable to equity shareholders of the Company 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 2018 (six months ended 30 June 2017: RMB Nil).

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

No final dividend in respect of the previous financial year has been approved during the interim period (six months ended 30 June 2017: RMB Nil).

(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 2018, the Group transferred RMB14,065,000 (six months ended 30 June 2017: RMB10,658,000) from retained profits to specific reserve provision for the safety production fund and transferred RMB14,065,000 (six months ended 30 June 2017: RMB10,658,000) 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 for the financial instruments. The team reports directly to the chief financial officer and the audit committee. 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 and the audit committee is held twice a year, to coincide with the reporting dates.

	Fair value at 30 June 2018	Fair value measurements as at 30 June 2018 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
Other financial assets:				
— Unlisted equity securities (note):	13,625	—	13,625	—
Financial liabilities:				
Derivative financial instruments:				
— Interest rate swaps	(1,395)	—	(1,395)	—

Note: Other financial assets were reclassified to financial assets measured at FVPL upon the adoption of HKFRS 9 at 1 January 2018 (see note 2(b)(i)).

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

During the six months ended 30 June 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2017: RMB 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.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of unlisted equity securities is the average quoted price obtained from third parties at the end of the reporting period.

(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 31 December 2017 and 30 June 2018.

17 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Contracted for	**80,222**	83,767
Authorised but not contracted for	**269,824**	240,681
	350,046	324,448

18 RELATED PARTY TRANSACTIONS

As at 30 June 2018, the Group had balances with related parties of Nil (31 December 2017: Nil). During the six months ended 30 June 2018, the Group did not have material related party transactions (2017: Nil).

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 2018 RMB'000	Six months ended 30 June 2017 RMB'000
Short-term employee benefits	**2,150**	1,093
Post-employment benefits	**207**	54

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 12 August 2018, the Company and Shenzhen Londian Electrics Co., Ltd. (深圳龍電電氣股份有限公司) (the "Purchaser") entered into an equity transfer agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to acquire, 100% equity interest in Wason Copper-Foil at a consideration of RMB2,558,197,000. Upon the completion of disposing Wason Copper-Foil, Wason Copper-Foil will cease to be a subsidiary of the Company.

The completion of the disposing of Wason Copper-Foil is subject to the condition precedent of approval by the independent shareholders of the Company at the extraordinary general meeting being fulfilled.

20 COMPARATIVE FIGURES

The group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

21 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2018

A number of amendments and new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. The group has not early adopted any new or amended standards in preparing this interim financial report.

The group has the following update to the information provided in the last annual financial statements in respect of HKFRS 16, Leases, which may not have a significant impact on the group's consolidated financial statements.

HKFRS 16, Leases

As discussed in the 2017 annual financial statements, currently the group classifies leases into operating leases. Upon the adoption of HKFRS 16, where the group is the lessee under the lease the group will be required to account for all leases in a similar way to current finance lease accounting, i.e. recognise and measure a lease liability at the present value of the minimum future lease payments and recognise a corresponding "right-of-use" asset at the commencement date of the lease, subject to practical expedients. HKFRS 16 will primarily affect the group's accounting as a lessee of leases for items of property, plant and equipment which are currently classified as operating leases.

The following is an updated information about the group's future minimum lease payments, based on the non-cancellable operating leases that have been entered into by 30 June 2018:

Amounts payable

	Properties RMB'000	Others RMB'000
Within 6 months	2,209	3
After 6 months but within 1 year	2,080	3
After 1 year but within 5 years	9,392	17
After 5 years	5,678	—
	19,359	23

Upon the initial adoption of HKFRS 16 at 1 January 2019, the present value of most of the future minimum lease payments that are payable after 6 months will be recognised as lease liabilities, with corresponding right-of-use assets recognised as non-current assets. The group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16.