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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)

PROFIT WARNING

This announcement is made pursuant to rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (“**the Board**”) of Lingbao Gold Group Company Ltd. (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to inform the shareholders of the Company and potential investors that the unaudited loss from the continuing operations for the year ended 31 December 2019 of the Group (“**Fiscal Year 2019**”) is expected to be approximately RMB260,000,000, representing a decrease as compared to the year ended 31 December 2018 (“**Fiscal Year 2018**”), of which the loss from the continuing operations of the Group was approximately RMB1,179,000,000.

As compared to the Fiscal Year 2018, the unaudited results of the Group for the Fiscal Year 2019 were relatively better, due to the fact that (i) the Group increased its investments in safety and environmental protection, expanded gold production, implemented cost reduction and efficiency improvement measures as well as optimized financial and administrative costs in the Fiscal Year 2019; and (ii) the Group’s gold production during Fiscal Year 2019 increased significantly and the gross profit margin was also improved.

The losses incurred by the Group during the Fiscal Year 2019 were due to (i) impairment provision of approximately RMB120,000,000, which included an impairment on an investment deposit, an impairment provision in respect of certain fixed assets and impairment provisions on other receivables; (ii) the special action on “non-rule violations” (打非治違) in the field of non-coal mine safety production which has, to certain extent, impacted a portion of our suppliers and their supply volume of raw material; and (iii) unutilised productivity and negative impact on the operating results of the Group affected by mandatory sewage and emission reduction measures introduced by the local government authorities.

The auditing process for the annual results of the Fiscal Year 2019 has not been completed as of the date of this announcement due to restrictions in force in parts of China to combat the COVID-19 outbreak. The information set out this announcement is only a preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the Fiscal Year 2019 and other current information available, which have not been reviewed by the Company’s auditors and the Company’s audit committee and may be subject to change.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Henan, the PRC, 23 March 2020

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