

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



LINGJIN

灵 金

Lingbao Gold Company Ltd.

靈寶黃金股份有限公司

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

(Stock code: 3330)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

The board of directors (the “Board”) of Lingbao Gold Company Ltd. (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2014. The interim financial results have been reviewed by the Company’s Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – UNAUDITED*For the six months ended 30 June 2014*

| | | Six months ended 30 June | |
|--|-------------|---------------------------------|--------------------|
| | | 2014 | 2013 |
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Turnover | 3, 4 | 3,208,464 | 3,932,547 |
| Cost of sales | | <u>(2,904,452)</u> | <u>(4,085,204)</u> |
| Gross profit/(loss) | | 304,012 | (152,657) |
| Other revenue | 5 | 16,124 | 11,080 |
| Other net loss | 6 | (17,276) | (42,870) |
| Selling and distribution expenses | | (15,082) | (13,618) |
| Administrative expenses and other operating expenses | | <u>(146,988)</u> | <u>(170,322)</u> |
| Profit/(loss) from operations | | 140,790 | (368,387) |
| Finance costs | 7(a) | <u>(115,801)</u> | <u>(119,039)</u> |
| Profit/(loss) before taxation | 7 | 24,989 | (487,426) |
| Income tax | 8 | <u>(16,273)</u> | <u>102,739</u> |
| Profit/(loss) for the period | | <u>8,716</u> | <u>(384,687)</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | 17,398 | (375,426) |
| Non-controlling interests | | <u>(8,682)</u> | <u>(9,261)</u> |
| Profit/(loss) for the period | | <u>8,716</u> | <u>(384,687)</u> |
| Basic and diluted earnings/(loss) per share (cents) | 9 | <u>2</u> | <u>(49)</u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 30 June 2014

| | Six months ended 30 June | |
|---|---------------------------------|-------------------------|
| | 2014 | 2013 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit/(loss) for the period | 8,716 | (384,687) |
| Other comprehensive income for the period: | | |
| Item that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | <u>(1,300)</u> | <u>1,550</u> |
| Total comprehensive income for the period | <u>7,416</u> | <u>(383,137)</u> |
| Attributable to: | | |
| Equity shareholders of the Company | 16,358 | (374,305) |
| Non-controlling interests | <u>(8,942)</u> | <u>(8,832)</u> |
| Total comprehensive income for the period | <u>7,416</u> | <u>(383,137)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED*At 30 June 2014*

| | | At 30 June 2014 <i>RMB'000</i> | At 31 December 2013 <i>RMB'000</i> |
|--|-----------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 2,019,578 | 2,093,610 |
| Construction in progress | | 470,528 | 352,373 |
| Intangible assets | | 730,131 | 729,331 |
| Goodwill | | 7,346 | 7,346 |
| Lease prepayments | | 177,043 | 178,989 |
| Other investments | | 10,504 | 10,504 |
| Non-current prepayments | | 30,270 | 15,279 |
| Deferred tax assets | | 294,974 | 303,586 |
| | | <u>3,740,374</u> | <u>3,691,018</u> |
| Current assets | | | |
| Inventories | | 1,333,701 | 1,449,970 |
| Trade and other receivables, deposits and prepayments | <i>11</i> | 1,234,251 | 1,150,422 |
| Current tax recoverable | | 8,328 | 9,840 |
| Assets classified as held for sale | | 9,339 | 7,539 |
| Pledged deposits | | 115,732 | 47,555 |
| Cash and cash equivalents | | 549,540 | 367,202 |
| | | <u>3,250,891</u> | <u>3,032,528</u> |
| Current liabilities | | | |
| Bank loans | | 2,238,744 | 1,721,954 |
| Other loan | | 2,081 | 2,081 |
| Trade and other payables | <i>12</i> | 969,299 | 1,165,934 |
| Loan from ultimate holding company | | 23,800 | 23,800 |
| Current tax payable | | 2,763 | 1,317 |
| | | <u>3,236,687</u> | <u>2,915,086</u> |
| Net current assets | | <u>14,204</u> | <u>117,442</u> |
| Total assets less current liabilities | | <u>3,754,578</u> | <u>3,808,460</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED (Continued)*At 30 June 2014*

| | | At 30 June 2014 <i>RMB'000</i> | At 31 December 2013 <i>RMB'000</i> |
|--|----|---|---|
| Non-current liabilities | | | |
| Debenture payable | | 700,000 | 700,000 |
| Bank loans | | 1,308,305 | 1,368,117 |
| Other payables | 12 | 61,117 | 63,981 |
| Deferred tax liabilities | | 1,537 | 159 |
| | | <u>2,070,959</u> | <u>2,132,257</u> |
| NET ASSETS | | <u>1,683,619</u> | <u>1,676,203</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | | 154,050 | 154,050 |
| Reserves | | 1,525,802 | 1,509,444 |
| Total equity attributable to equity shareholders of the Company | | 1,679,852 | 1,663,494 |
| Non-controlling interests | | <u>3,767</u> | <u>12,709</u> |
| TOTAL EQUITY | | <u>1,683,619</u> | <u>1,676,203</u> |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 BASIS OF PREPARATION

The unaudited 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 (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK(IFRIC) 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group’s interim financial report as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on the Group’s interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on the Group’s interim financial report as there was no material impairment loss for the current accounting period.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on the Group’s interim financial report as the Group has not novated any of its derivatives.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group’s interim financial report as the guidance is consistent with the Group’s existing accounting policies.

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 presented the following four reportable segments. Operating segments with similar nature of the production process, products and services have been aggregated to form the following reportable segments.

- | | |
|-------------------|---|
| Mining-PRC | – Gold mining and mineral ores processing operations in the 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

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

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

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

3 SEGMENT REPORTING (Continued)

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

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 | |
|--|----------------|----------------|-----------------|-----------------|------------------|------------------|-------------------|----------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| <i>For the six months ended 30 June</i> | | | | | | | | | | |
| Revenue from external customers | 2,288 | – | – | – | 2,742,750 | 3,539,605 | 467,746 | 393,780 | 3,212,784 | 3,933,385 |
| Inter-segment revenue | 318,506 | 323,643 | 10,296 | – | 4,239 | 112,005 | – | – | 333,041 | 435,648 |
| Sales tax | (114) | (53) | – | – | (3,328) | (783) | (878) | (2) | (4,320) | (838) |
| Reportable segment revenue | 320,680 | 323,590 | 10,296 | – | 2,743,661 | 3,650,827 | 466,868 | 393,778 | 3,541,505 | 4,368,195 |
| Reportable segment profit/(loss) | 49,378 | 11,900 | (30,465) | (19,449) | 127,516 | (440,209) | 38,771 | 21,069 | 185,200 | (426,689) |
| Other segment information | | | | | | | | | | |
| <i>For the six months ended 30 June</i> | | | | | | | | | | |
| Interest expenses | (9,744) | (8,835) | (8,440) | (8,685) | (36,536) | (46,833) | (12,093) | (10,936) | (66,813) | (75,289) |
| Net foreign exchange gain/(losses) | 58 | – | (495) | (1,747) | (1,120) | 308 | 353 | (922) | (1,204) | (2,361) |
| Depreciation and amortisation for the period | (44,832) | (46,737) | (16,354) | (13,170) | (20,592) | (22,289) | (24,307) | (23,323) | (106,085) | (105,519) |
| (Provision)/reversal of impairment on: | | | | | | | | | | |
| – trade and other receivables | – | – | – | – | – | – | 488 | 496 | 488 | 496 |
| – purchase deposits | – | – | – | – | 8,127 | 200 | – | – | 8,127 | 200 |
| – assets classified as held for sale | (6,044) | – | – | – | – | – | – | – | (6,044) | – |
| – intangible assets | – | (329) | – | – | – | – | – | – | – | (329) |
| – goodwill | – | (34,058) | – | – | – | – | – | – | – | (34,058) |

(b) Reconciliations of reportable segment profit or loss

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Reportable segment profit/(loss) | 185,200 | (426,689) |
| Elimination of inter-segment profits | 365 | 139,886 |
| Reportable segment profit/(loss) derived from the Group's external customers | 185,565 | (286,803) |
| Other net loss | (17,276) | (42,870) |
| Finance costs | (115,801) | (119,039) |
| Unallocated head office and corporate expenses | (27,499) | (38,714) |
| Consolidated profit/(loss) before taxation | 24,989 | (487,426) |

4 TURNOVER

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

Turnover 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 in turnover during the period is as follows:

| | Six months ended 30 June | |
|------------------------------|--------------------------|------------------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Sales of: | | |
| – gold | 2,310,389 | 3,308,069 |
| – other metals | 895,339 | 608,731 |
| – others | 7,056 | 16,585 |
| Less: Sales taxes and levies | (4,320) | (838) |
| | <u>3,208,464</u> | <u>3,932,547</u> |

5 OTHER REVENUE

| | Six months ended 30 June | |
|----------------------|--------------------------|---------------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Bank interest income | 2,509 | 1,439 |
| Scrap sales | 4,684 | 2,217 |
| Government grants | 8,386 | 7,003 |
| Sundry income | 545 | 421 |
| | <u>16,124</u> | <u>11,080</u> |

6 OTHER NET LOSS

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Net realised and unrealised (loss)/gain on financial instruments at fair value | (12,298) | 1,139 |
| Net loss on disposal of property, plant and equipment | (15) | (2,384) |
| Net loss on disposal of assets classified as held for sale | – | (2,598) |
| Impairment losses on assets classified as held for sale | (6,044) | – |
| Impairment losses on non-current assets | – | (34,387) |
| Net foreign exchange gain/(loss) | 120 | (4,842) |
| Others | 961 | 202 |
| | <u>(17,276)</u> | <u>(42,870)</u> |

8 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 | |
|---|---------------------------------|------------------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Current tax | | |
| PRC income tax for the period | 6,283 | 8,311 |
| Deferred tax | | |
| Origination and reversal of temporary differences | <u>9,990</u> | <u>(111,050)</u> |
| | <u>16,273</u> | <u>(102,739)</u> |

- (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 and 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 therefore is entitled to the preferential tax rate of 15% for another three years from 2012 to 2014.

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 2014 is 16.5% (2013: 16.5%). No provision for Hong Kong profits tax is made for the six months ended 30 June 2014 as the subsidiary located in Hong Kong did not earn any income which is subject to Hong Kong profits tax.
- (c) Kyrgyzstan corporate income tax rate in 2014 is 0% (2013: 0%).
- (d) Laos profits tax rate for 2014 is 24% (2013: 24%).

No provision for Laos profits tax is made as the subsidiary located in Laos did not earn any income which is subject to Laos profits tax.

9 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the six months ended 30 June 2014 is based on the profit attributable to equity shareholders of the Company of RMB17,398,000 (six months ended 30 June 2013: loss of RMB375,426,000) and 770,249,091 ordinary shares in issue during the six months ended 30 June 2014 (six months ended 30 June 2013: 770,249,091 ordinary shares).

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share for the six months ended 30 June 2014 and 2013 are the same as the basic earnings/(loss) per share as there are no dilutive potential ordinary shares during the periods.

10 DIVIDENDS

Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period:

| | Six months ended 30 June | |
|--|---------------------------------|----------------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Final dividend in respect of the previous financial year, approved during the following interim period of RMB Nil per share (six months ended 30 June 2013: RMB0.07 per share) | — | 53,917 |

The unpaid dividends of RMB1,260,000 in respect of the year ended 31 December 2012 were recorded as a liability as at 30 June 2014 (31 December 2013: RMB9,222,000).

The directors do not propose the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB Nil).

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:

| | At 30 June 2014 RMB'000 | At 31 December 2013 RMB'000 |
|--|--|--|
| Within 3 months | 448,254 | 317,303 |
| Over 3 months but within 6 months | 206,253 | 254,721 |
| Over 6 months but within 1 year | 31,133 | 27,395 |
| Over 1 year | 9,334 | 9,391 |
| Trade debtors and bills receivable, net of allowance for doubtful debts (<i>note (a)</i>) | 694,974 | 608,810 |
| Other receivables, net of allowance for doubtful debts | 263,751 | 272,585 |
| Purchase deposits, net of allowance for non-delivery (<i>note (b)</i>) | 238,291 | 269,027 |
| Deposits for derivative financial instruments (<i>note (c)</i>) | 37,235 | — |
| | 1,234,251 | 1,150,422 |

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

- (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 90 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 2014, the Group endorsed certain bank acceptance bills with a carrying amount of RMB45,593,000 (31 December 2013: RMB55,916,000) 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, it continued to recognise the full carrying amounts of these bills receivable and the associated trade payables settled.

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

As at 30 June 2014, 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 2014, 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 RMB30,218,000 and RMB124,565,000 (31 December 2013: RMB7,678,000 and RMB98,278,000) 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.
- (c) The Group placed deposits with independent futures trading agents for futures commodity contracts entered into in the normal course of business primarily to protect the Group from the impact of price fluctuations in gold commodities.

12 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:

| | At 30 June 2014 <i>RMB'000</i> | At 31 December 2013 <i>RMB'000</i> |
|--|---|---|
| Current | | |
| Within 3 months | 350,649 | 487,442 |
| Over 3 months but within 6 months | 34,004 | 43,780 |
| Over 6 months but within 1 year | 3,910 | 12,183 |
| Over 1 year but within 2 years | 5,265 | 6,826 |
| Over 2 years | 4,392 | 4,585 |
| | <hr/> | <hr/> |
| Total trade creditors and bills payable | 398,220 | 554,816 |
| Other payables and accruals | 358,431 | 404,667 |
| Payable for mining rights | 81,832 | 81,089 |
| Deferred income (<i>note (a)</i>) | 89,306 | 80,900 |
| Dividend payable (<i>note 10</i>) | 1,260 | 9,222 |
| Payable to non-controlling interests (<i>note (b)</i>) | 35,726 | 35,240 |
| Derivative financial liabilities | 4,524 | – |
| | <hr/> | <hr/> |
| | 969,299 | 1,165,934 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Non-current | | |
| Decommissioning costs | 14,066 | 13,938 |
| Deferred income (<i>note (a)</i>) | 47,051 | 50,043 |
| | <hr/> | <hr/> |
| | 61,117 | 63,981 |
| | <hr/> <hr/> | <hr/> <hr/> |

- (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.

REVIEW OF BUSINESS AND PROSPECT

In the first half of 2014, Lingbao Gold Company Ltd. (“Lingbao Gold” or the “Company”) and its subsidiaries (together with the Company, the “Group”) produced approximately 8,961 kg (equivalent to approximately 288,103 ounces) of gold, representing an increase of approximately 1,017 kg (equivalent to approximately 32,697 ounces) or approximately 12.8% as compared with the corresponding period of the previous year. The Group’s turnover for the six months ended 30 June 2014 was approximately RMB3,208,464,000, representing a decrease of approximately 18.4% as compared with the corresponding period of the previous year. For the six months ended 30 June 2014, the profit attributable to the Company’s shareholders was approximately RMB17,398,000 (six months ended 30 June 2013: loss attributable to shareholders RMB375,426,000). For the six months ended 30 June 2014, the basic earnings per share of the Company was RMB0.02 (six months ended 30 June 2013: basic loss per share RMB0.49). In the first half of 2014, the Group recorded profit as compared with loss recorded in the corresponding period of the previous year. In the corresponding period of the previous year, the gold price dropped significantly resulted in the high cost in inventory which lead to the selling price of gold bullion below its production cost and a write-down of inventory values of RMB206,112,000. In the first half of 2014, gold price ranging from approximately USD1,200 to USD1,390 per ounce in an upward trend, which lead to the selling price of gold bullion above its production cost. The write-down of inventory values for the first half of 2014 was RMB1,573,000.

The Group’s mineral resources are mainly scattered in the regions of Henan, Xinjiang, Inner Mongolia, Jiangxi, Gansu of the People’s Republic of China (the “PRC”) and Kyrgyz Republic (“KR”) with 55 mining and exploration rights as at 30 June 2014 covering 2,260.19 square kilometers. The total gold reserves and resources as at 30 June 2014 were approximately 36.07 tonnes (1,159,677 ounces) and 149.03 tonnes (4,791,426 ounces) respectively.

1. Mining Segment

Turnover and production

Our mining business mainly comprises the sales of gold concentrates and compound gold. All gold concentrates and compound gold are sold to the Group’s smelting plant as intra-group sales.

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

| | Unit | For the six months ended 30 June | | | |
|------------------------------------|-------|----------------------------------|--------------------------|-------------------------------|--------------------------|
| | | 2014 | | 2013 | |
| | | Approximate production volume | Approximate sales volume | Approximate production volume | Approximate sales volume |
| Gold concentrates (contained gold) | kg | 931 | 995 | 919 | 904 |
| Compound gold | kg | 477 | 374 | 364 | 304 |
| Total | kg | 1,408 | 1,369 | 1,283 | 1,208 |
| Total | ounce | 45,268 | 44,014 | 41,249 | 38,838 |

The Group's revenue from the mining segment for the first half of 2014 was approximately RMB330,976,000, representing an increase of approximately 2.3% from approximately RMB323,590,000 for the same period in 2013. During the first half of 2014, revenue in Henan, Xinjiang, Inner Mongolia and KR represented approximately 66.8%, 18.3%, 11.8% and 3.1% of the revenue from the mining segment respectively. The production of compound gold increased by approximately 113 kg to approximately 477 kg, while production of gold concentrates increased by approximately 12 kg to approximately 931 kg.

Segment results

The Group's total profit of the mining segment for the first half of 2014 was approximately RMB18,913,000, compared with loss of approximately RMB7,549,000 for the same period in 2013. The segment result to segment turnover ratio of the Group's mining segment for the first half of 2014 was approximately 5.7%, compared with approximately (2.3)% in the corresponding period in 2013.

2. Smelting Segment

Our 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:

| | Unit | For the six months ended 30 June | | | |
|-----------------|-------|----------------------------------|--------------------------|-------------------------------|--------------------------|
| | | 2014 | | 2013 | |
| | | Approximate production volume | Approximate sales volume | Approximate production volume | Approximate sales volume |
| Gold bullion | kg | 8,961 | 9,000 | 8,026 | 10,903 |
| | ounce | 288,103 | 289,357 | 258,042 | 350,540 |
| Silver | kg | 20,816 | 22,013 | 27,289 | 8,996 |
| | ounce | 669,250 | 707,734 | 877,362 | 289,228 |
| Copper products | tonne | 8,430 | 8,509 | 6,941 | 6,011 |
| Sulphuric acid | tonne | 102,156 | 106,922 | 79,676 | 77,921 |

Sales and production

The Group's total turnover in the smelting segment for the first half of 2014 was approximately RMB2,743,661,000, representing a decrease of approximately 24.8% from approximately RMB3,650,827,000 for the same period of 2013. Such decrease during the reporting period was mainly attributable to the decrease in sales volume and average selling price of gold bullion of approximately 17.5% and 15.4% over the same period of last year.

The Group's smelting plants processed approximately 1,195 tonnes of gold concentrates per day, with an utilisation rate of approximately 100%. During the first half of 2014, the Group continued to maintain the recovery rates of gold, silver and copper at a high level of approximately 96.33%, 72.77% and 96.21% respectively.

Segment results

The Group's total profit in smelting segment for the first half of 2014 was approximately RMB127,516,000, compared with loss of approximately RMB440,209,000 for the same period in 2013. The segment results to segment turnover ratio of the Group's smelting business for the first half of 2014 was approximately 4.6%, compared with the same period in 2013 of approximately (12.1)%.

CONSOLIDATED OPERATING RESULTS

Turnover

The following table sets out the Group's sales breakdown by products:

| Product name | For the six months ended 30 June | | | | | |
|------------------------------|----------------------------------|-----------|-----------|------------------|-----------|---------|
| | 2014 | Unit | | 2013 | Unit | |
| Amount | Sales | price | Amount | Sales | price | |
| (RMB'000) | volume | (RMB per | (RMB'000) | volume | (RMB per | |
| | (kg/tonne) | kg/tonne) | | (kg/tonne) | kg/tonne) | |
| Gold bullion | 2,310,389 | 9,000 kg | 256,710 | 3,308,069 | 10,903 kg | 303,409 |
| Silver | 77,501 | 22,013 kg | 3,521 | 46,863 | 8,996 kg | 5,209 |
| Electrolytic coppers | 350,092 | 8,409 | 41,633 | 168,088 | 3,651 | 46,039 |
| | | tonnes | | | tonnes | |
| Copper foils | 467,746 | 7,400 | 63,209 | 393,780 | 5,616 | 70,118 |
| | | tonnes | | | tonnes | |
| Sulphuric acid | 7,056 | 106,922 | 66 | 16,585 | 77,921 | 213 |
| | | tonnes | | | tonnes | |
| Turnover before tax | 3,212,784 | | | 3,933,385 | | |
| Less: Sales taxes and levies | (4,320) | | | (838) | | |
| | <u>3,208,464</u> | | | <u>3,932,547</u> | | |

The Group's turnover for the first half of 2014 was approximately RMB3,208,464,000, representing a decrease of approximately by 18.4% as compared with the corresponding period of the previous year. Such decrease was mainly attributable to the significant decrease in the sales volume and average selling price of gold bullion, which resulted in the decrease in sales amount of gold bullion as compared to the corresponding period of the previous year.

In the first half of 2014, the Group's copper foil production volume amounted to approximately 7,297 tonnes, increasing by 1,353 tonnes or 22.8% as compared with the corresponding period of the previous year. Copper foil sales volume was approximately 7,400 tonnes, increasing by 1,784 tonnes or 31.8% as compared with the corresponding period of the previous year.

OUTLOOK

In the second half of 2014, the Group will focus on acquisition and operation of domestic resources by proactively and steadily promoting resources investigation and acquisition. The management of the Group will also double their efforts to continue to control costs and improve efficiency. For safety and environmental protection, the Group will strengthen its sense of responsibility, mission and urgency for safety production and environmental protection, continue to remain vigilant against safety and environmental protection, adhere to the accident responsibility system and ensure safety of personal, equipment and zero accident to environmental incidents. In the second half of 2014, the Group will be committed to the 4,000-tonne copper foil expansion project. It is expected that 12 foil production machines will achieve standard steady operation by the end of the year, producing 1,000 tonnes of lithium-foil. Meanwhile, the Group will also be committed to the mining and processing technological upgrading project of Full Gold, the mechanized mining test report will be completed in late 2014. For processing technological upgrading, the Group will endeavor to complete the project approval procedure, construction drawing design and technological upgrading financing by the end of the year, and commence construction as and when appropriate.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its acquisition and operations with internally generated funds, medium-term notes and bank loans. The cash and bank balances as at 30 June 2014 amounted to RMB665,272,000.

The total equity attributable to shareholders of the Company as at 30 June 2014 amounted to RMB1,679,852,000 (31 December 2013: RMB1,663,494,000). As at 30 June 2014, the Group had current assets of RMB3,250,891,000 (31 December 2013: RMB3,032,528,000) and current liabilities of RMB3,236,687,000 (31 December 2013: RMB2,915,086,000). The current ratio was 1.00 (31 December 2013: 1.04).

As at 30 June 2014, the Group had total outstanding bank loans of approximately RMB3,547,049,000 with interest rates ranged from 2.13% to 7.05% per annum, of which approximately RMB2,238,744,000 was repayable within one year, approximately RMB974,191,000 was repayable after one year but not exceeding two years and approximately RMB334,114,000 was repayable after two years but not exceeding five years.

On 25 March 2011, the Company issued five-year Medium Term Notes of RMB400 million in the PRC. The notes are unsecured and will be redeemed on 25 March 2016, and bear a floating interest rate, which is based on the one-year deposit rate of the People's Bank of China plus a margin of 2.95% per annum.

On 17 June 2011, the Company issued five-year Medium Term Notes of RMB300 million in the PRC. The notes are unsecured and will be redeemed on 16 June 2016, and bear a floating interest rate, which is based on the one-year deposit rate of the People's Bank of China plus a margin of 2.85% per annum.

The gearing ratio as at 30 June 2014 was 60.7% (31 December 2013: 56.4%) which was calculated as total borrowings divided by total assets value.

Security

As at 30 June 2014, the mining right of Istanbul Gold Mine with carrying value amounting to RMB100,789,000 and the ordinary shares of Full Gold were pledged for the borrowings from the National Development Bank.

Market risks

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

Gold price and other commodities price risk

The Group's turnover and profit for the period were affected by fluctuations in the gold price and other commodities price as the Group's products are sold at market prices and the fluctuations in prices are not controlled by the Group. The considerable fluctuation of gold price would lead to the Group's instability in operating results, especially in the event of a significant drop in gold price which would have a larger adverse impact to the Group's operating results.

Interest rate risk

The Group is exposed to risks resulting from fluctuations in interest rates on our debt. The Group undertakes debt obligations for supporting general corporate purposes, including capital expenditure and working capital needs. Our bank loans bear interest rates that are subject to adjustment made by our lenders in accordance with changes of the relevant People's Bank of China regulations, which may cast financial impact to the Group.

Exchange rate risk

The Group's transactions are mainly denominated in Renminbi. Fluctuations in exchange rates may affect the international and domestic gold price, which may impact our results of operation. Renminbi is not a free-trade currency and it would fluctuate against a basket of currencies. The PRC government may take further actions and implement new measures on free trade of Renminbi. In addition to the foregoing, the exchange rate risks to which the Group exposes are mainly from certain bank deposits, bank loans and trade receivables relating to copper sales, which are denominated in HK dollars and US dollars. Fluctuations in exchange rates may cast financial impact to the Group.

Contractual obligations

As at 30 June 2014, the total contracted capital commitments was approximately RMB114,699,000, representing a decrease of approximately RMB77,576,000 from approximately RMB192,275,000 as at 31 December 2013.

Capital expenditures

Capital expenditures during the period was approximately RMB154,092,000, including those in relation to the acquisition of fixed assets and construction in progress of approximately RMB148,205,000, and acquisition of intangible assets of approximately RMB5,887,000.

Contingent liabilities

As at 30 June 2014, the Group had no material contingent liabilities.

Human resources

For the six months ended 30 June 2014, the average number of employees of the Group was 6,320. The Company highly treasures its human resources and offers competitive remuneration to employees and provides employees with training programs.

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 2014.

INTERIM DIVIDEND

The Board of directors does not recommend the payment of interim dividend.

CORPORATE GOVERNANCE

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

The Company has complied with all Code Provisions under the Code on Corporate Governance Practices set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the following provision:

Code Provision A.4.2 (directors appointed to fill a casual vacancy are subject to election by shareholders at the first general meeting after appointment)

With respect to the re-election of newly appointed director, the Company has complied with Paragraph 4(2) of Appendix 3 of the Listing Rules, which permits the directors who have been appointed to fill a casual vacancy of the Board be subject to re-election at the next annual general meeting of the Company. As such, Code Provision A.4.2, which requires the re-election to take place at the next general meeting, were not adopted.

Code Provision E.1.2 (the chairman of the Board should attend the annual general meeting)

Mr. Jin Guangcai could not attend the annual general meeting of the Company held on 5 June 2014 due to business commitment. Mr. He Chengqun, executive director of the Company, was present thereat to be available to answer questions at the annual general meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 of the Company by directors. 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, comprising four independent non-executive directors and one non-executive director, namely, Mr. Yang Dongsheng, Ms. Du Liping, Mr. Xu Qiangsheng, Mr. Han Qinchun and Mr. Shi Yuchen has reviewed the accounting principles and practices adopted by the Group and have discussed and reviewed the internal control and financial reporting matters, including the unaudited interim financial report for the six months ended 30 June 2014, with the management and external auditors of the Company. The Audit Committee is of the opinion that such report complies with applicable accounting standards, the Listing Rules and the legal requirements and that adequate disclosures have been made.

PUBLICATION OF RESULT ANNOUNCEMENT AND INTERIM REPORT

This result announcement has been published on the website of Hong Kong Exchanges and Clearing Limited (“HK Exchange”), www.hkexnews.hk, and the website of the Company, www.irasia.com/listco/hk/lingbao. The 2014 Interim 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
Jin Guangcai
Chairman

Lingbao City, Henan Province, the PRC
27 August 2014

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Jin Guangcai, Mr. Qiang Shanfeng, Mr. Zhang Guo, Mr. He Chengqun and Mr. Zhou Yudao; one non-executive director, namely Mr. Shi Yuchen; and four independent non-executive directors, namely Mr. Yang Dongsheng, Ms. Du Liping, Mr. Xu Qiangsheng and Mr. Han Qinchun.