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Lingbao Gold Group Company Ltd.
靈寶黃金集團股份有限公司

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

(Stock code: 3330)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "Board") of Lingbao Gold Group Company Ltd. (the "Company") hereby announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2018. The interim financial results have been reviewed by the Company's Audit Committee. In addition, the Group's external auditors have reviewed the interim financial report 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 HKICPA.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS — UNAUDITED

For the six months ended 30 June 2018

	Note	**Six months ended 30 June 2018** ***RMB'000***	Six months ended 30 June 2017 *RMB'000* *Note*
Revenue	3, 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.

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

For the six months ended 30 June 2018

	Six months ended 30 June 2018 *RMB'000*	Six months ended 30 June 2017 *RMB'000* *Note*
(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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED

At 30 June 2018

	Note	**At 30 June 2018** ***RMB'000***	At 31 December 2017 *RMB'000* *Note*
Non-current assets			
Property, plant and equipment		**2,064,936**	2,111,998
Construction in progress		**681,584**	526,191
Intangible assets		**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		**1,422,822**	1,375,052
Trade and other receivables, deposits and prepayments	9	**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		**120,917**	455,427
		4,550,094	3,922,443

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED (Continued)
At 30 June 2018

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000 Note
Current liabilities			
Bank and other borrowings		**4,381,107**	3,380,986
Trade and other payables	10	**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
Non-current liabilities			
Bank and other borrowings		**1,205,930**	1,512,425
Other payables	10	**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			
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.

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, 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.

As at 30 June 2018, the Group had net current liabilities of RMB1,432,000,000 (which included cash and cash equivalents of RMB121,000,000), total borrowings of RMB5,587,000,000 and capital commitments of RMB350,000,000. In view of these circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance including banking facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 30 June 2018, taking into account the Group's cash flow projection, including the Group's unutilised banking facilities of RMB2,276,000,000, 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.

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.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Overview (Continued)

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:

	At 31 December 2017	**Impact on initial application of HKFRS 9** *(Note 2(b))*	**Impact on initial application of HKFRS 15** *(Note 2(c))*	**At 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*	*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.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9, Financial instruments (Continued)

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.

	RMB'000
Retained earnings	
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.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9, Financial instruments (Continued)

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

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.

	HKAS 39 carrying amount at 31 December 2017	**Reclassification**	**Remeasurement**	**HKFRS 9 carrying amount at 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*	*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

Notes:

(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**	1,411,660	**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):

		Six months ended 30 June 2018 *RMB'000*	Six months ended 30 June 2017 *RMB'000*
(a)	Finance costs:		
	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
(b)	Other net loss:		
	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:		
	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 fee	**—**	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.

(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 DIVIDENDS

(a) 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).

(b) 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).

9 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 derecognised.

9 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.

10 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		**80,390**	80,390
Cash-settled written put option		**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		**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

(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.

10 TRADE AND OTHER PAYABLES (Continued)

(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.

11 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 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.

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**	**Sales volume**	**Unit price**	Amount	Sales volume	Unit price
	(RMB'000)		***(RMB per kg/ tonne/m²)***	*(RMB'000)*		*(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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period ended 30 June 2018.

INTERIM DIVIDEND

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement has been published on the website of The Hong Kong Exchanges and Clearing Limited (the "HK Exchange"), www.hkexnews.hk, and the website of the Company, www.irasia.com/listco/hk/lingbao. The 2018 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
Chen Jianzheng
Chairman

Lingbao City, Henan Province, the PRC
31 August 2018

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Chen Jianzheng, Mr. Xing Jiangze, Ms. Zhou Xing, Mr. Zhao Kun, and Mr. Wang Leo; one non-executive director, namely Mr. Shi Yuchen; and four independent non-executive directors, namely Mr. Yang Dongsheng, Mr. Han Qinchun, Mr. Wang Jiheng and Mr. Wang Guanghua.