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)

(Stock Code: 3330)

2013 Interim Report

Contents

Corporate Information

Directors

Executive Directors
Jin Guangcai *(Chairman)*
Liu Pengfei
Zhang Guo
He Chengqun

Non-executive Directors
Wang Yumin
Yang Liening

Independent Non-executive Directors
Yan Wanpeng
Du Liping
Xu Qiangsheng
Han Qinchun

Supervisors

Liu Shengmin
(Chairman of the Supervisory Committee)
Di Qinghua
Yao Shun
Zhu Zhisheng
Jiao Xiaoxiao

Company Secretary

Poon, Lawrence Chi Leung

Authorised Representatives

Jin Guangcai
Poon, Lawrence Chi Leung

Audit Committee

Yan Wanpeng *(Chairman of Audit Committee)*
Wang Yumin
Du Liping
Xu Qiangsheng
Han Qinchun

Nomination Committee

Xu Qiangsheng
(Chairman of the Nomination Committee)
Wang Yumin
Yan Wanpeng
Du Liping
Han Qinchun

Remuneration Committee

Du Liping
(Chairman of the Remuneration Committee)
Wang Yumin
Yan Wanpeng
Xu Qiangsheng
Han Qinchun

Auditors

KPMG

Legal Adviser

Hong Kong law
DLA Piper Hong Kong
PRC law
Commerce & Finance Law Offices

Principal Bankers

Bank of China, Lingbao City Branch
Agricultural Bank of China, Lingbao City Branch
China Construction Bank, Lingbao City Branch
Industrial and Commercial Bank of China,
Lingbao City Branch
Industrial Bank, Zhengzhou Branch
Bank of Communications, Zhengzhou Branch
China Development Bank
Shenzhen Development Bank
HSBC

Corporate Information

Share Registrar and Transfer Office for H Shares

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Registered Office of the Company

Xin Village, Yinzhuang Town
Daonan Industrial Area
Lingbao
Henan
The PRC

Principal Place of Business in Hong Kong

Room 1902, 19th Floor, MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

Stock Information

Stock Code	:	3330
Listing Date	:	12 January 2006
Issued Shares	:	297,274,000 shares (H Shares) 472,975,091 shares (Domestic shares)
Nominal Value	:	RMB0.20 per share
Stock Name	:	Lingbao Gold
Website	:	www.lbgold.com
Investors' Website	:	www.irasia.com/listco/hk/lingbao

Investor Relations Contact

Mr. Poon, Lawrence Chi Leung
(Hong Kong Office)
Room 1902, 19th Floor, MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong
Email: lingbaogold@vip.sina.com

Mr. Xing Jiangze
(PRC Office)
Xin Village, Yinzhuang Town
Daonan Industrial Area
Lingbao
Henan
The People's Republic of China
(Postcode: 472500)
Tel: (86-398) 8782-031
Fax: (86-398) 8860-166
Email: lingbaogold@vip.sina.com

Management Discussion and Analysis

Review of Business and Prospect

In the first half of 2013, Lingbao Gold Company Ltd. ("Lingbao Gold" or the "Company") and its subsidiaries (together with the Company, the "Group") produced approximately 8,026 kg (equivalent to approximately 258,042 ounces) of gold, representing an increase of approximately 374 kg (equivalent to approximately 12,024 ounces) or approximately 4.9% as compared with the corresponding period of the previous year. The Group's turnover for the six months ended 30 June 2013 was approximately RMB3,932,547,000, representing an increase of approximately 70.1% as compared with the corresponding period of the previous year. For the six months ended 30 June 2013, the loss attributable to the Company's shareholders was approximately RMB375,426,000 (six months ended 30 June 2012: profit attributable to the Company's shareholders RMB39,861,000). For the six months ended 30 June 2013, the basic loss per share of the Company was RMB0.49 (six months ended 30 June 2012: basic earnings per share RMB0.05). In the first half of 2013, the loss attributable to the Group's shareholders was mainly due to (i) the slump of commodity prices; (ii) the write-down of inventory values of approximately RMB206,112,000 which have been included in the cost of sales; (iii) the operation of Full Gold Mining Limited Liability Company ("Full Gold") is currently suspended due to failure to reach the expected processing recovery rate. Full Gold is reviewing other processing solutions to improve the recovery rate; and (iv) as a result of the slump in gold price, the Group performed tests for impairment on its mining segment and recognized goodwill impairment of RMB34,058,000.

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 2013 covering 2,290.01 square kilometers. The total gold reserves and resources as at 30 June 2013 were approximately 36.48 tonnes (1,286,794 ounces) and 149.43 tonnes (5,270,988 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:

		For the six months ended 30 June			
		2013		2012	
	Unit	**Approximate production volume**	**Approximate sales volume**	Approximate production volume	Approximate sales volume
Gold concentrates	kg	**919**	**904**	1,196	1,132
Compound gold	kg	**364**	**304**	430	385
Total	kg	**1,283**	**1,208**	1,626	1,517
Total	ounce	**41,249**	**38,838**	52,277	48,773

Management Discussion and Analysis

The Group's revenue from the mining segment for the first half of 2013 was approximately RMB323,590,000, representing a decrease of approximately 28.6% from approximately RMB453,497,000 for the same period in 2012. During the first half of 2013, revenue in Henan, Xinjiang and Inner Mongolia represented approximately 71.0%, 20.4% and 8.6% of the revenue from the mining segment respectively. The production of compound gold decreased by approximately 66 kg to approximately 364 kg, while production of gold concentrates decreased by approximately 277 kg to approximately 919 kg.

The Istanbul Gold Mine operated by Full Gold in KR is suspended currently due to its low recovery rate. Full Gold is striving to overcome the difficulty and recover the production of the Istanbul Gold Mine as soon as practicable.

Segment results

The Group's loss of the mining segment for the first half of 2013 was approximately RMB7,549,000, compared with profit of approximately RMB114,921,000 for the same period in 2012. The segment result to segment turnover ratio of the Group's mining segment for the first half of 2013 was approximately (2.3)%, compared with approximately 25.3% in the corresponding period in 2012. The loss was mainly due to the significant drop in gold price and increase in production cost.

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:

		For the six months ended 30 June			
		2013		2012	
	Unit	**Approximate production volume**	**Approximate sales volume**	Approximate production volume	Approximate sales volume
Gold bullion	kg	**8,026**	**10,903**	7,606	4,107
	ounce	**258,042**	**350,540**	244,539	132,043
Silver	kg	**27,289**	**8,996**	22,381	108
	ounce	**877,362**	**289,228**	719,566	3,472
Copper products	tonne	**6,941**	**6,011**	7,424	9,894
Sulphuric acid	tonne	**79,676**	**77,921**	69,031	64,550

Management Discussion and Analysis

Sales and production

The Group's total turnover in the smelting segment for the first half of 2013 was approximately RMB3,650,827,000, representing an increase of approximately 85.9% from approximately RMB1,963,339,000 for the same period of 2012. Such increase during the reporting period was mainly attributable to the rise in sales volume of gold bullion and silver over the same period of last year. As a result of the increase in sales of gold, the inventory of gold reduced to 2,729 kg (31 December 2012: 5,606 kg).

The Group's smelting plants processed approximately 960 tonnes of gold concentrates per day, with an utilisation rate of approximately 100%. During the first half of 2013, the Group continued to maintain the recovery rates of gold, silver and copper at a high level of approximately 96.07%, 70.94% and 96.36% respectively.

Segment results

The Group's total loss in smelting segment for the first half of 2013 was approximately RMB440,209,000, compared with the same period in 2012 of approximately RMB75,957,000. The segment results to segment turnover ratio of the Group's smelting business for the first half of 2013 was approximately (12.1)%, compared with the same period in 2012 of approximately 3.9%. The loss is mainly due to the write down of inventory values and the high cost of raw material.

The substantial loss in smelting segment and inventory write-down was the main reason that led to an increase of deferred tax asset by RMB111,048,000 to RMB254,879,000 as compared with that of the beginning of the year. Such deferred tax assets are expected to be crystallised in the foreseeable future.

Management Discussion and Analysis

Consolidated Operating Results

Turnover

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

	For the six months ended 30 June					
	2013			2012		
Product name	**Amount (RMB'000)**	**Sales volume (kg/tonne)**	**Unit price (RMB per kg/tonne)**	Amount (RMB'000)	Sales volume (kg/tonne)	Unit price (RMB per kg/tonne)
Gold bullion	**3,308,069**	**10,903 kg**	**303,409**	1,450,707	4,107 kg	353,228
Silver	**46,863**	**8,996 kg**	**5,209**	–	–	–
Electrolytic coppers	**168,088**	**3,651 tonnes**	**46,039**	332,686	6,674 tonnes	49,848
Copper foils	**393,780**	**5,616 tonnes**	**70,118**	509,267	7,449 tonnes	68,367
Sulphuric acid	**16,585**	**77,921 tonnes**	**213**	19,330	64,550 tonnes	300
Turnover before sales tax	**3,933,385**			2,311,990		
Less: Sales taxes and levies	**(838)**			(596)		
	3,932,547			2,311,394		

The Group's turnover for the first half of 2013 was approximately RMB3,932,547,000, representing an increase of approximately by 70.1% as compared with the corresponding period of the previous year. Such increase was mainly attributable to the significant increase in the sales volume of gold bullion and silver, which resulted in the increase in sales amount of gold bullion and silver as compared to the corresponding period of the previous year.

In the first half of 2013, affected by global economic downturn, the market demand in electronics industry kept shrinking. Copper price continuously fall due to significant oversupply in the market, while the Group also faced intensified competition. However, the Group's copper foil unit selling price increased by 2.6% because of the sale of lithium-foil increased from corresponding period of previous year of 304 tonnes to 1,704 tonnes for the six months ended 2013. The average selling price of the lithium foil is much higher than other copper products. The Group's copper foil production volume amounted to approximately 5,944 tonnes, decreasing by 1,735 tonnes or 22.6% as compared with the corresponding period of the previous year. Copper foil sales volume was approximately 5,616 tonnes, decreasing by 1,833 tonnes or 24.6% as compared with the corresponding period of the previous year.

Management Discussion and Analysis

Outlook

In the second half of 2013, the Group will focus on the production and operation of mines and gold smelting. Meanwhile, in response to the drop in gold price, the Group will make proper decision for raw materials procurement and maintain inventories at a reasonable level through analysis on market condition of precious metals. The mining enterprises will stick to the philosophy on the combination of mine exploration and exploitation and improve engineering design for such activities, so as to improve production efficiency. In respect of production technologies, the Group will strive to strengthen technology management, minimize the dilution rate and loss rate, enhance the grade of ores, improve the equipment operation rate and gold recovery rate, strengthen the balanced management of metals, as well as maintain a comprehensive development and better utilization of resources. In addition, the Group will introduce new technologies, new processes and new equipment to improve the production and operation level. The Group will also continue to strengthen cost control and strictly implement various internal control measures of the Group.

In response to the weak market conditions, Wason Copper-Foil enhances public relation efforts and customer services to maintain and increase supply for quality clients. At the same time, Wason Copper-Foil seeks to develop high-end products in a timely manner and increase the market shares for ultra-thin copper foil, ultra-thick copper foil and FPC copper foil to maximize its profits. In addition, the Group will provide training and education for technical staff to enhance the quality and strength of the R&D team and their abilities to identify, analyze and solve problems. The Group will also enhance its efforts to recruit talents to strengthen its R&D team and improve the R&D capability and innovation capability of the Group.

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 2013 amounted to RMB705,207,000.

The total equity attributable to shareholders of the Company as at 30 June 2013 amounted to RMB1,959,734,000 (31 December 2012: RMB2,387,956,000). As at 30 June 2013, the Group had current assets of RMB4,033,387,000 (31 December 2012: RMB4,426,142,000) and current liabilities of RMB3,744,534,000 (31 December 2012: RMB4,014,112,000). The current ratio was 1.08 (31 December 2012: 1.10).

As at 30 June 2013, the Group had total outstanding bank loans of approximately RMB3,768,151,000 with interest rates ranged from 2.21% to 6.65% per annum, of which approximately RMB2,590,899,000 was repayable within one year, approximately RMB466,055,000 was repayable after one year but not exceeding two years, approximately RMB675,361,000 was repayable after two years but not exceeding five years and approximately RMB35,836,000 was repayable after five years.

Management Discussion and Analysis

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 2013 was 58.4% (31 December 2012: 53.2%) which was calculated as total borrowings divided by total assets value.

Security

As at 30 June 2013, the mining right of Istanbul Gold Mine with carrying value amounting to RMB102,719,000 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 ("PBOC") regulations, which may cast financial impact to the Group.

Management Discussion and Analysis

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 2013, the total contracted capital commitments was approximately RMB130,028,000, representing an increase of approximately RMB2,554,000 from approximately RMB127,474,000 as at 31 December 2012.

Capital expenditures

Capital expenditures during the period was approximately RMB184,739,000, including those in relation to the acquisition of fixed assets and construction in progress of approximately RMB166,821,000, and acquisition of intangible assets of approximately RMB17,918,000.

Contingent liabilities

As at 30 June 2013, the Group had no material contingent liabilities.

Human resources

For the six months ended 30 June 2013, the average number of employees of the Group was 6,486. The Company highly treasures its human resources and offers competitive remuneration to employees and provides employees with training programs.

Other Information

Share Capital

As at 30 June 2013, there was a total of share capital of 770,249,091 shares of the Company which includes:

	Number of shares	Approximate percentage of total share capital
Domestic shares	472,975,091	61.41%
H Shares	297,274,000	38.59%
Total	770,249,091	100.00%

Purchase, Sale or Redemption of Listed Securities of the Company

There were no purchases, sales or redemptions of the Company's shares by the Company or any of its subsidiaries during the period ended 30 June 2013.

Directors', Supervisors and Chief Executive's Interests and Short Positions in Shares of the Company

The Directors, Supervisors and chief executive of the Company did not hold any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the Securities and Futures Ordinance ("SFO") as at 30 June 2013 that are required to be recorded in the register required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) kept under section 352 of the SFO; or (iii) required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code for Securities Transactions by Directors of listed issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rule").

Other Information

Substantial Shareholders' Interests in Shares of the Company

As at 30 June 2013, as far as the Directors are aware of, the following persons, other than the Directors, Supervisors and chief executive of the Company, had an interest in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Number of domestic shares	Nature of interest	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total issued share capital
Lingbao State-owned Assets Operation Limited Liability Company (靈寶市國有資產經營有限責任公司) ("Lingbao State-owned Assets") *(Note 1)*	296,840,620	Beneficial owner	62.76%	38.54%
Huibang Investment Development Company Limited	77,000,000	Beneficial owner	16.28%	10.00%
Shannan Wanlaixin Investment Limited Liability Company (山南萬來鑫投資有限責任公司)	37,698,784	Beneficial owner	7.97%	4.89%

Name of shareholders	Number of H shares	Capacity	Approximate percentage of the total issued H share capital	Approximate percentage of the total share capital
The Bank of New York Mellon Corporation *(Note 2)*	21,264,000 (L)	Interest in controlled corporation	7.15%	2.76%
	21,180,000 (P)		7.12%	2.75%
The Bank of New York Mellon *(Note 2)*	21,264,000 (L)	Beneficial owner	7.15%	2.76%
	21,180,000 (P)		7.12%	2.75%
Market Vectors ETF Trust – Market Vectors Junior Gold Miners ETF	18,316,000 (L)	Beneficial owner	6.16%	2.38%

(L) denotes long position

(P) denotes lending pool

Other Information

Notes:

1. In addition to its direct interest in 296,840,620 domestic shares, Lingbao State-owned Assets has an indirect interest in the Company through its equity interest of approximately 49.41% in Lingbao Gold Machinery Limited Liability Company (靈寶市黃金機械有限責任公司), which in turn holds approximately 21.05% equity interest in Lingbao Jinxiang Auto Parts Limited Liability Company (靈寶市金象汽車零部件有限責任公司) ("Lingbao Jinxiang Motors"). Lingbao Jinxiang Motors is a promoter of the Company, which held approximately 1.79% shareholding in the Company as at the date of this report.

2. The 21,264,000 shares represent the same block of shares.

Change in Information of Directors and Supervisors

During the reporting period, Mr. Xu Gaoming retired as executive directors and chairman of the Company.

Interim Dividend

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

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.

Other Information

AUDIT COMMITTEE

The audit committee ("Audit Committee") of the Company, comprising four independent non-executive Directors and one non-executive Director, namely, Mr. Yan Wanpeng, Ms. Du Liping, Mr. Xu Qiangsheng, Mr. Han Qinchun and Mr. Wang Yumin 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 2013, 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.

By order of the Board

Jin Guangcai
Chairman

Lingbao City, Henan Province, The PRC
28 August 2013

Review Report

Review report to the board of directors of
Lingbao Gold Company Ltd.
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 17 to 44 which comprises the consolidated statement of financial position of Lingbao Gold Company Ltd. as at 30 June 2013 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Review Report

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2013 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

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

28 August 2013

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2013 – unaudited

		Six months ended 30 June	
		2013	2012
	Note	**RMB'000**	RMB'000
Turnover	*3, 4*	**3,932,547**	2,311,394
Cost of sales		**(4,085,204)**	(2,015,840)
Gross (loss)/profit		**(152,657)**	295,554
Other revenue	*5*	**11,080**	11,071
Other net (loss)/income	*6*	**(42,870)**	1,024
Selling and distribution expenses		**(13,618)**	(12,561)
Administrative expenses and other operating expenses		**(170,322)**	(135,781)
(Loss)/profit from operations		**(368,387)**	159,307
Finance costs	*7(a)*	**(119,039)**	(110,721)
(Loss)/profit before taxation	*7*	**(487,426)**	48,586
Income tax	*8*	**102,739**	(14,613)
(Loss)/profit for the period		**(384,687)**	33,973
Attributable to:			
Equity shareholders of the Company		**(375,426)**	39,861
Non-controlling interests		**(9,261)**	(5,888)
(Loss)/profit for the period		**(384,687)**	33,973
Basic and diluted (loss)/earnings per share (cents)	*9*	**(49)**	5

The notes on pages 23 to 44 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 20.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013 – unaudited

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
(Loss)/profit for the period	**(384,687)**	33,973
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	**1,550**	(245)
Total comprehensive income for the period	**(383,137)**	33,728
Attributable to:		
Equity shareholders of the Company	**(374,305)**	39,688
Non-controlling interests	**(8,832)**	(5,960)
Total comprehensive income for the period	**(383,137)**	33,728

The notes on pages 23 to 44 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2013 – unaudited

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current assets			
Property, plant and equipment	*10*	**1,998,740**	2,024,469
Construction in progress	*10*	**446,414**	369,741
Intangible assets	*11*	**712,578**	695,465
Goodwill	*12*	**7,346**	41,404
Lease prepayments		**181,607**	175,075
Other investments		**10,504**	10,504
Non-current prepayments		**11,615**	32,403
Deferred tax assets		**254,879**	143,831
		3,623,683	3,492,892
Current assets			
Inventories	*13*	**2,232,222**	3,267,561
Trade and other receivables, deposits and prepayments	*14*	**1,085,424**	832,407
Assets classified as held for sale	*15*	**7,539**	20,123
Pledged deposits		**30,527**	36,140
Cash and cash equivalents	*16*	**674,680**	267,935
Current tax recoverable		**2,995**	1,976
		4,033,387	4,426,142
Current liabilities			
Bank loans	*17*	**2,590,899**	2,779,345
Other loan		**2,378**	2,378
Trade and other payables	*19*	**1,125,203**	1,186,691
Loan from ultimate holding company		**23,800**	23,800
Current tax payable		**2,254**	21,898
		3,744,534	4,014,112
Net current assets		**288,853**	412,030
Total assets less current liabilities		**3,912,536**	3,904,922

Consolidated Statement of Financial Position

At 30 June 2013 – unaudited

	Note	**At 30 June 2013 RMB'000**	At 31 December 2012 RMB'000
Non-current liabilities			
Debenture payable	*18*	**700,000**	700,000
Bank loans	*17*	**1,177,252**	734,562
Other payables	*19*	**37,597**	35,617
Deferred tax liabilities		**91**	93
		1,914,940	1,470,272
NET ASSETS		**1,997,596**	2,434,650
CAPITAL AND RESERVES	*20*		
Share capital		**154,050**	154,050
Reserves		**1,805,684**	2,233,906
Total equity attributable to equity shareholders of the Company		**1,959,734**	2,387,956
Non-controlling interests		**37,862**	46,694
TOTAL EQUITY		**1,997,596**	2,434,650

Approved and authorised for issue by the board of directors on 28 August 2013.

Jin Guangcai
Executive director and chairman

He Chengqun
Executive director

The notes on pages 23 to 44 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013 – unaudited

	Attributable to equity shareholders of the Company								
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2012	154,050	827,931	160,878	5,220	(858)	1,152,109	2,299,330	47,036	2,346,366
Changes in equity for the six months ended 30 June 2012:									
Total comprehensive income for the period	–	–	–	(173)	–	39,861	39,688	(5,960)	33,728
Appropriation of safety production funds *(note 20(c))*	–	–	36,761	–	–	(36,761)	–	–	–
Utilisation of safety production funds *(note 20(c))*	–	–	(36,761)	–	–	36,761	–	–	–
Deemed capital contribution *(note 20(d))*	–	–	–	–	7,816	–	7,816	1,715	9,531
Dividends approved in respect of the previous year *(note 20(b))*	–	–	–	–	–	(77,025)	(77,025)	–	(77,025)
Balance at 30 June 2012 and 1 July 2012	154,050	827,931	160,878	5,047	6,958	1,114,945	2,269,809	42,791	2,312,600
Changes in equity for the six months ended 31 December 2012:									
Total comprehensive income for the period	–	–	–	489	–	125,474	125,963	5,618	131,581
Appropriation of safety production funds *(note 20(c))*	–	–	1,242	–	–	(1,242)	–	–	–
Utilisation of safety production funds *(note 20(c))*	–	–	(1,242)	–	–	1,242	–	–	–
Reversal of deemed capital contribution *(note 20(d))*	–	–	–	–	(7,816)	–	(7,816)	(1,715)	(9,531)
Balance at 31 December 2012	154,050	827,931	160,878	5,536	(858)	1,240,419	2,387,956	46,694	2,434,650
Balance at 1 January 2013	**154,050**	**827,931**	**160,878**	**5,536**	**(858)**	**1,240,419**	**2,387,956**	**46,694**	**2,434,650**
Changes in equity for the six months ended 30 June 2013:									
Total comprehensive income for the period	**–**	**–**	**–**	**1,121**	**–**	**(375,426)**	**(374,305)**	**(8,832)**	**(383,137)**
Appropriation of safety production funds *(note 20(c))*	**–**	**–**	**22,520**	**–**	**–**	**(22,520)**	**–**	**–**	**–**
Utilisation of safety production funds *(note 20(c))*	**–**	**–**	**(22,520)**	**–**	**–**	**22,520**	**–**	**–**	**–**
Dividends approved in respect of the previous year *(note 20(b))*	**–**	**–**	**–**	**–**	**–**	**(53,917)**	**(53,917)**	**–**	**(53,917)**
Balance at 30 June 2013	**154,050**	**827,931**	**160,878**	**6,657**	**(858)**	**811,076**	**1,959,734**	**37,862**	**1,997,596**

The notes on pages 23 to 44 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2013 – unaudited

		Six months ended 30 June	
		2013	2012
	Note	**RMB'000**	RMB'000
Cash generated from/(used in) operations		**468,530**	(868,127)
PRC income tax paid		**(28,974)**	(39,674)
Net cash generated from/(used in) operating activities		**439,556**	(907,801)
Net cash used in investing activities		**(167,978)**	(170,042)
Net cash generated from financing activities		**136,580**	998,381
Net increase/(decrease) in cash and cash equivalents		**408,158**	(79,462)
Cash and cash equivalents at 1 January	*16*	**267,935**	349,568
Effect of foreign exchange rate changes		**(1,413)**	155
Cash and cash equivalents at 30 June	*16*	**674,680**	270,261

The notes on pages 23 to 44 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

1 Basis of preparation

The Company has a financial year end date of 31 December. This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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"). It was authorised for issue on 28 August 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 15 to 16.

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2012 are available from the Company's registered office. The independent auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2013.

Notes to the Unaudited Interim Financial Report

2 Changes in accounting policies

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 and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements-Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- *Annual Improvements to HKFRSs 2009-2011 Cycle*
- Amendments to HKFRS 7-*Disclosures-Offsetting financial assets and financial liabilities*

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

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The application does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

Notes to the Unaudited Interim Financial Report

2 Changes in accounting policies (continued)

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required in HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The adoption of HKFRS 13 does not have any material impact on the disclosures of the Group's financial instruments in the Group's interim financial report because the Group does not have financial instruments carried at fair value at the end of the reporting period. The adoption of HKFRS 13 also does not have material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group did not disclose segment assets and segment liabilities in the Group's interim financial report because the Group does not have any reportable segments with total assets or total liabilities materially different from the amounts reported in the last annual financial statements.

Amendments to HKFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

Notes to the Unaudited Interim Financial Report

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.

Notes to the Unaudited Interim Financial Report

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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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	**–**	–	**–**	–	**3,539,605**	1,802,723	**393,780**	509,267	**3,933,385**	2,311,990
Inter-segment revenue	**323,643**	421,465	**–**	32,076	**112,005**	161,167	**–**	–	**435,648**	614,708
Sales tax	**(53)**	(44)	**–**	–	**(783)**	(551)	**(2)**	(1)	**(838)**	(596)
Reportable segment revenue	**323,590**	421,421	**–**	32,076	**3,650,827**	1,963,339	**393,778**	509,266	**4,368,195**	2,926,102
Reportable segment profit/(loss)	**11,900**	117,760	**(19,449)**	(2,839)	**(440,209)**	75,957	**21,069**	36,626	**(426,689)**	227,504
Other segment information										
For the six months ended 30 June										
Interest expenses	**(8,835)**	(12,977)	**(8,685)**	(6,371)	**(46,833)**	(40,193)	**(10,936)**	(18,329)	**(75,289)**	(77,870)
Net foreign exchange (losses)/gain	**–**	–	**(1,747)**	(700)	**308**	566	**(922)**	745	**(2,361)**	611
Depreciation and amortisation for the period	**(46,737)**	(67,997)	**(13,170)**	(29,224)	**(22,289)**	(21,195)	**(23,323)**	(24,305)	**(105,519)**	(142,721)
Reversal/(provision) of impairment on:										
– trade and other receivables	**–**	–	**–**	–	**–**	–	**496**	8	**496**	8
– purchase deposits	**–**	–	**–**	–	**200**	–	**–**	–	**200**	–
– non-current assets	**(34,387)**	–	**–**	–	**–**	–	**–**	–	**(34,387)**	–

Notes to the Unaudited Interim Financial Report

3 Segment reporting (continued)

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Reportable segment (loss)/profit	**(426,689)**	227,504
Elimination of inter-segment profits	**139,886**	(37,016)
Reportable segment (loss)/profit derived from the Group's external customers	**(286,803)**	190,488
Other net (loss)/income	**(42,870)**	1,024
Finance costs	**(119,039)**	(110,721)
Unallocated head office and corporate expenses	**(38,714)**	(32,205)
Consolidated (loss)/profit before taxation	**(487,426)**	48,586

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	
	2013	2012
	RMB'000	RMB'000
Sales of:		
– gold	**3,308,069**	1,450,707
– other metals	**608,731**	841,953
– others	**16,585**	19,330
Less: Sales taxes and levies	**(838)**	(596)
	3,932,547	2,311,394

Notes to the Unaudited Interim Financial Report

5 Other revenue

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Bank interest income	**1,439**	2,069
Delivery service income	**–**	1,760
Scrap sales	**2,217**	2,096
Government grants	**7,003**	4,944
Sundry income	**421**	202
	11,080	11,071

6 Other net (loss)/income

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Net realised and unrealised gain/(loss) on financial instruments at fair value	**1,139**	(240)
Net (loss)/gain on disposal of property, plant and equipment	**(2,384)**	290
Net loss on disposal of assets classified as held for sale	**(2,598)**	–
Impairment losses on non-current assets *(note 11, 12)*	**(34,387)**	–
Net foreign exchange (loss)/gain	**(4,842)**	650
Others	**202**	324
	(42,870)	1,024

Notes to the Unaudited Interim Financial Report

7 Profit before taxation

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

	Six months ended 30 June 2013 RMB'000	Six months ended 30 June 2012 RMB'000
(a) Finance costs:		
Interest expense on bank loans	**98,819**	91,631
Interest expense on corporate debentures	**20,744**	21,720
Interest expense on financial liabilities measured at amortised cost	**–**	2,248
Less: Interest expense capitalised into construction in progress	**(1,556)**	(6,086)
	118,007	109,513
Other borrowing costs	**1,032**	1,208
	119,039	110,721

	Six months ended 30 June 2013 RMB'000	Six months ended 30 June 2012 RMB'000
(b) Other items:		
Amortisation of lease prepayments	**2,750**	1,773
Amortisation of intangible assets	**1,164**	15,195
Total depreciation	**104,865**	128,136
Less: Depreciation capitalised into construction in progress	**(371)**	(246)
	104,494	127,890
Inventory write-down and losses net of reversals *(note 13)*	**206,112**	8,440
Operating lease charges in respect of properties	**1,485**	1,582
Environmental rehabilitation fee	**8,748**	5,835
Research and development costs (other than depreciation)	**10,182**	12,687

Notes to the Unaudited Interim Financial Report

8 Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Current tax		
PRC income tax for the period	**8,311**	24,765
Deferred tax		
Origination and reversal of temporary differences	**(111,050)**	(10,152)
	(102,739)	14,613

(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") renewed its "High and New Technology Enterprise" qualification in 2012, which entitled it to a preferential tax rate of 15% for 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 2013 is 16.5% (2012: 16.5%). No provision for Hong Kong profits tax is made for the six months ended 30 June 2013 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 ("KR CIT") in 2013 is 0% (2012: 10%).

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 becomes 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.

(d) Laos profits tax rate for 2013 is 24% (2012: 28%).

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.

Notes to the Unaudited Interim Financial Report

9 (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 2013 is based on the loss attributable to equity shareholders of the Company of RMB375,426,000 (six months ended 30 June 2012: profit of RMB39,861,000) and 770,249,091 ordinary shares in issue during the six months ended 30 June 2013 (six months ended 30 June 2012: 770,249,091 ordinary shares).

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for the six months ended 30 June 2013 and 2012 are the same as the basic (loss)/earnings per share as there are no dilutive potential ordinary shares during the periods.

10 Property, plant and equipment and construction in progress

Acquisitions and disposals

During the six months ended 30 June 2013, acquisitions of property, plant and equipment and additions of construction in progress of the Group amounted to RMB38,163,000 (six months ended 30 June 2012: RMB22,840,000) and RMB128,658,000 (six months ended 30 June 2012: RMB86,816,000) respectively. Items of property, plant and equipment with an aggregate net book value of RMB3,433,000 were disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: RMB659,000), resulting in a loss on disposal of RMB2,384,000 (six months ended 30 June 2012: gain on disposal of RMB290,000).

11 Intangible assets

Acquisitions

During the six months ended 30 June 2013, additions of exploration and evaluation assets made by the Group amounted to RMB17,918,000 (six months ended 30 June 2012: RMB10,220,000).

Impairment losses

Impairment loss of certain exploration and evaluation assets of RMB329,000 was made during the six months ended 30 June 2013 (six months ended 30 June 2012: RMB Nil).

Notes to the Unaudited Interim Financial Report

12 Goodwill

	The Group RMB'000
Cost:	
At 1 January 2012, 31 December 2012, and 30 June 2013	41,404
Accumulated impairment losses:	
At 1 January 2012 and 31 December 2012	–
Impairment loss	34,058
At 30 June 2013	**34,058**
Carrying amount:	
At 30 June 2013	**7,346**
At 31 December 2012	41,404

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business segment as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Mining	**7,346**	41,404

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an inflation rate of 3%. The pre-tax discount rates applied to cash flow projections was 12.0%.

Management concluded that the goodwill relating to one mining entity was impaired by RMB34,058,000 as at 30 June 2013.

Notes to the Unaudited Interim Financial Report

13 Inventories

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Raw materials	**1,003,628**	1,035,420
Work in progress	**113,207**	108,439
Finished goods	**1,006,006**	2,013,771
Spare parts and materials	**109,381**	109,931
	2,232,222	3,267,561

The analysis of the amount of inventories recognised as an expense is as follows:

	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Carrying amount of inventories sold	**3,879,092**	2,007,400
Write-down of inventories	**206,112**	8,440
	4,085,204	2,015,840

Notes to the Unaudited Interim Financial Report

14 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 2013 RMB'000	At 31 December 2012 RMB'000
Within 3 months	**261,296**	334,672
Over 3 months but within 6 months	**154,570**	182,599
Over 6 months but within 1 year	**106,203**	9,000
Over 1 year	**30**	1,012
Trade debtors and bills receivable, net of allowance for doubtful debts *(note (a))*	**522,099**	527,283
Other receivables, net of allowance for doubtful debts	**218,086**	234,390
Purchase deposits, net of allowance for non-delivery *(note (b))*	**345,239**	70,734
	1,085,424	832,407

(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.

(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.

Notes to the Unaudited Interim Financial Report

15 Assets classified as held for sale

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Intangible assets	**7,539**	19,039
Construction in progress	**–**	1,084
	7,539	20,123

Items of assets classified as held for sale with an aggregate net book value of RMB12,584,000 were disposed during the six months ended 30 June 2013 (six months ended 30 June 2012: RMB Nil), resulting in a loss on disposal of RMB2,598,000 (six months ended 30 June 2012: RMB Nil).

For the remaining balance as at 30 June 2013, the Group entered into an agreement with a third party to dispose of certain exploration and evaluation assets at a consideration of RMB10,200,000. The directors expect the disposal to be completed within one year and as a result, such exploration and evaluation assets are presented as assets classified as held for sale at a carrying amount of RMB7,539,000 at 30 June 2013 (31 December 2012: RMB7,539,000).

16 Cash and cash equivalents

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Cash and cash equivalents in the condensed consolidated cash flow statement	**674,680**	267,935

Notes to the Unaudited Interim Financial Report

17 Bank loans

The analysis of the carrying amount of bank loans is as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Current portion:		
Bank loans		
– secured	**49,430**	257,035
– unsecured	**2,541,469**	2,522,310
	2,590,899	2,779,345
Non-current portion:		
Bank loans		
– secured	**245,912**	275,305
– unsecured	**931,340**	459,257
	1,177,252	734,562

At 30 June 2013, bank loans of the Group amounting to RMB295,342,000 (31 December 2012: RMB325,589,000) were secured by the mining right of Istanbul Gold Mine with a carrying amount of RMB102,719,000 (31 December 2012: RMB104,494,000) and the ordinary shares of Full Gold Mining Limited Liability Company (the "Full Gold"), a subsidiary of the Group in KR.

At 31 December 2012, a bank loan of the Group amounting to RMB206,751,000 was secured by inventories with carrying amount of RMB185,952,000 and a guarantee deposit of RMB21,142,000.

18 Debentures

On 25 March 2011, the Company issued five-year Medium Term Notes of RMB400 million to corporate investors in the PRC inter-bank debenture market. The notes are unsecured and repayable on 25 March 2016, and bear a floating interest rate, based on the one-year deposit rate of the People's Bank of China plus 2.95% per annum.

On 17 June 2011, the Company issued five-year Medium Term Notes of RMB300 million to corporate investors in the PRC inter-bank debenture market. The notes are unsecured and repayable on 17 June 2016, and bear a floating interest rate, based on the one-year deposit rate of the People's Bank of China plus 2.85% per annum.

Notes to the Unaudited Interim Financial Report

19 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 2013 RMB'000	At 31 December 2012 RMB'000
Within 3 months	**392,142**	558,814
Over 3 months but within 6 months	**88,625**	21,491
Over 6 months but within 1 year	**12,743**	11,227
Over 1 year but within 2 years	**7,724**	6,460
Over 2 years	**3,494**	1,944
Total trade creditors and bills payable	**504,728**	599,936
Other payables and accruals	**339,233**	358,287
Payable for mining rights	**86,477**	87,897
Deferred income *(note (a))*	**105,137**	100,774
Dividend payable *(note 20(b))*	**53,917**	3,487
Payable to non-controlling interests *(note (b))*	**35,711**	36,310
	1,125,203	1,186,691
Non-current other payables		
Decommissioning costs *(note 21(b))*	**14,125**	14,369
Deferred income *(note (a))*	**23,472**	21,248
	37,597	35,617

(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.

Notes to the Unaudited Interim Financial Report

20 Capital, reserves and dividends

(a) Share capital

	At 30 June 2013		At 31 December 2012	
	Number of shares	**RMB'000**	Number of shares	RMB'000
Registered, issued and fully paid:				
Domestic state-owned shares of RMB0.20 each	**472,975,091**	**94,595**	472,975,091	94,595
H shares of RMB0.20 each	**297,274,000**	**59,455**	297,274,000	59,455
	770,249,091	**154,050**	770,249,091	154,050

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

(b) Dividends

Pursuant to a resolution passed at the shareholders' annual general meeting on 3 June 2013, a final dividend in respect of the year ended 31 December 2012 of RMB0.07 (2011: RMB0.10) per share totalling RMB53,917,000 (2011: RMB77,025,000) was approved and declared by the Company.

The unpaid dividends of RMB3,487,000 as at 31 December 2012 in respect of the year ended 31 December 2011 were paid in June 2013. The unpaid dividends of RMB53,917,000 in respect of the year ended 31 December 2012 were recognised as a liability as at 30 June 2013.

The directors do not propose the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB Nil).

Notes to the Unaudited Interim Financial Report

20 Capital, reserves and dividends (continued)

(c) Statutory reserve – specific reserve

Pursuant to the relevant regulations in the PRC, the Group is required to provide for safety production fund based on volume of ores excavated and sales amount of certain products.

For the six months ended 30 June 2013, the Group transferred RMB22,520,000 (six months ended 30 June 2012: RMB36,761,000) from retained earnings to specific reserve as appropriation for the safety production fund and transferred RMB22,520,000 (six months ended 30 June 2012: RMB36,761,000) from specific reserve to retained earnings on utilisation for the period.

(d) Deemed capital contribution

In accordance with the contractual terms of a loan agreement ("the Agreement") signed between Full Gold, a subsidiary of the Group, and China Road and Bridge Corporation ("CRBC"), a non-controlling shareholder of Full Gold, CRBC provided an interest-free loan amounting to USD2,752,400 to Full Gold and the loan is repayable in October 2018. For the six months period ended 30 June 2012, the difference between the fair value of the interest-free loan from CRBC and the principal amount at inception of RMB7,816,000 was adjusted to other reserve as deemed capital contribution from non-controlling shareholder.

On 25 September 2012, a supplementary agreement was signed between Full Gold and CRBC, which revised the maturity term of the loan from repayable in October 2018 to repayable on demand. Therefore the deemed capital contribution recorded in other reserve was reversed during the six months period ended 31 December 2012.

21 Capital commitments and contingencies

(a) Capital commitments outstanding not provided for in the interim financial report

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Contracted for	**130,028**	127,474
Authorised but not contracted for	**394,687**	596,481

Notes to the Unaudited Interim Financial Report

21 Capital commitments and contingencies (continued)

(b) Environmental contingencies

Up to the date of issue of this interim financial report, the Company and the Company's PRC subsidiaries have not incurred any significant expenditures for environment remediation and are currently not involved in any environmental remediation. In addition, the Company and the Company's PRC subsidiaries have not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved and may move further towards more rigorous enforcement of applicable laws and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to mines, concentrators and smelting plants whether they are operating, closed and sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future costs is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot be reasonably estimated at present, and could be material. The Group paid normal routine pollutant discharge fees of RMB984,000 for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB619,000) and environmental rehabilitation expenses of RMB8,748,000 for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB5,835,000).

In accordance with the laws and regulations of KR, the Company's subsidiaries in KR have present obligation with regards to dismantling of mine site facilities and equipment and site rehabilitation. Provision for decommissioning costs of RMB14,125,000 was made as at 30 June 2013 (31 December 2012: RMB14,369,000).

Notes to the Unaudited Interim Financial Report

22 Related party transactions

Particulars of significant transactions with related parties during the period are as follows:

(a) Transactions with state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government ("state-controlled entities") through its government authorities, agencies, affiliations and other organisations.

Transactions with other state-controlled entities include but are not limited to the following:

– sales and purchase of goods and ancillary materials;

– rendering and receiving of utilities and other services;

– purchase of property, plant and equipment; and

– depositing and obtaining financial facilities.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled entities or not.

Having considered the transactions potentially affected by related party relationships, the Group's pricing strategy, procurement policies and approval processes, and the information that would be necessary for an understanding of the potential effect of the related party relationship on the financial statements, the directors are of the opinion that the following related party transactions require disclosure of numeric details:

Notes to the Unaudited Interim Financial Report

22 Related party transactions (continued)

(a) Transactions with state-controlled entities in the PRC (continued)

Transactions with state-controlled banks

The Group deposits its cash with several state-controlled banks in the PRC. The Group also obtains short-term and long-term loans from these banks in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China. The Group's interest income generated from and interest expenses incurred to these state-controlled banks in the PRC are as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Interest income on bank deposits	**1,366**	2,060
Interest expenses on bank loans	**90,150**	80,705

The amounts of cash deposited at and loans from state-controlled banks in the PRC included in the following account captions are summarised as follows:

	At 30 June 2013	At 31 December 2012
	RMB'000	RMB'000
Pledged deposits at state-controlled banks in the PRC	**30,515**	36,140
Cash and cash equivalents at state-controlled banks in the PRC	**644,843**	263,938
Short-term loans and current portion of long-term loans	**2,200,899**	2,699,344
Long-term loans excluding current portion of long-term loans	**1,177,252**	734,562
Total loans from state-controlled banks in the PRC	**3,378,151**	3,433,906

Notes to the Unaudited Interim Financial Report

22 Related party transactions (continued)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors, is as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Short-term employee benefits	**1,664**	1,829
Post-employment benefits	**70**	68
	1,734	1,897