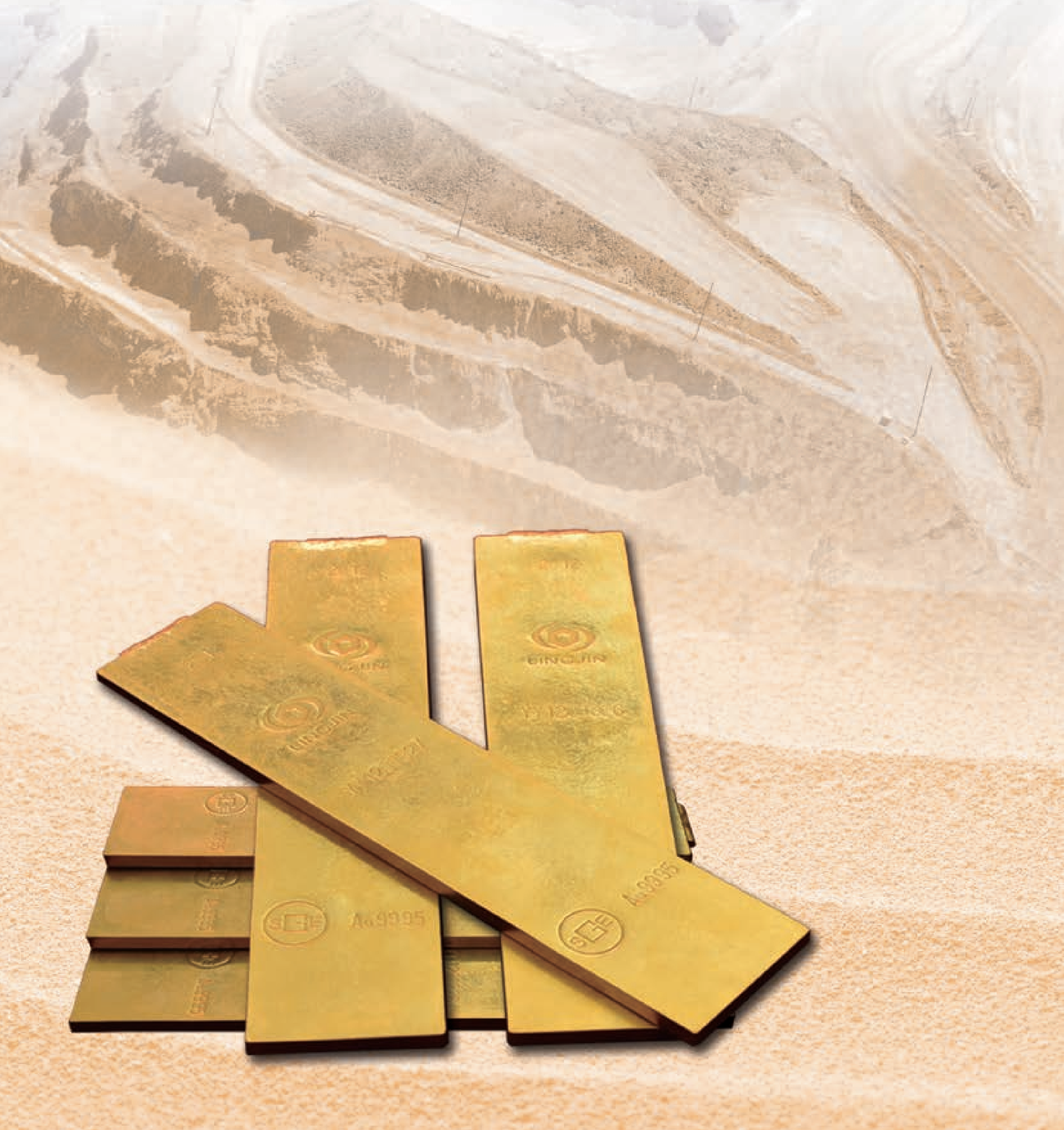
Lingbao Gold Company Ltd.
靈寶黃金股份有限公司

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

(Stock Code: 3330)

| 2014 Interim Report |



CONTENTS

CORPORATE INFORMATION

Directors

Executive Directors
Mr. Jin Guangcai *(Chairman)*
Mr. Qiang Shanfeng
Mr. Zhang Guo
Mr. He Chengqun
Mr. Zhou Yudao

Non-executive Directors
Mr. Shi Yuchen

Independent Non-executive Directors
Mr. Yang Dongsheng
Ms. Du Liping
Mr. Xu Qiangsheng
Mr. Han Qinchun

Supervisors
Mr. Wang Guodong
(Chairman of the Supervisory Committee)
Mr. Guo Xurang
Mr. Meng Shouji
Mr. Yao Shun
Mr. Jiao Xiaoxiao

Company Secretary
Mr. Poon, Lawrence Chi Leung

Authorised Representatives
Mr. Jin Guangcai
Mr. Poon, Lawrence Chi Leung

Audit Committee
Mr. Yang Dongsheng *(Chairman of Audit Committee)*
Mr. Shi Yuchen
Ms. Du Liping
Mr. Xu Qiangsheng
Mr. Han Qinchun

Nomination Committee
Mr. Xu Qiangsheng
(Chairman of the Nomination Committee)
Mr. Qiang Shanfeng
Mr. Yang Dongsheng
Ms. Du Liping
Mr. Han Qinchun

Remuneration Committee
Ms. Du Liping
(Chairman of the Remuneration Committee)
Mr. Qiang Shanfeng
Mr. Yang Dongsheng
Mr. Xu Qiangsheng
Mr. 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

Hangu Road and
Jingshan Road Intersection
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)
Hangu Road and
Jingshan Road Intersection
Lingbao
Henan
The People's Republic of China
(Postcode: 472500)
Tel: (86-398) 8862-218
Fax: (86-398) 8860-166
Email: lingbaogold@vip.sina.com

Review of Business and Prospect

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

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

1. Mining Segment

Turnover and production

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

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

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

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

Segment results

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

2. Smelting Segment

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

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

Sales and production

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

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

Segment results

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

Consolidated Operating Results

Turnover

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

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

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

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

Outlook

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

Financial Review

Liquidity and Financial Resources

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

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

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

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

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

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

Security

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

Market risks

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

Gold price and other commodities price risk

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

Interest rate risk

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

Exchange rate risk

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

Contractual obligations

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

Capital expenditures

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

Contingent liabilities

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

Human resources

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

OTHER INFORMATION

Share Capital

As at 30 June 2014, 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 2014.

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 2014 that are required to be recorded in the register required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) kept under section 352 of the SFO; or (iii) required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code for Securities Transactions by Directors of listed issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rule").

Substantial Shareholders' Interests in Shares of the Company

As at 30 June 2014, 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%

Note:

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% equity interest in the Company as at the date of this report.

Change in Information of Directors and Supervisors

During the reporting period, Mr. Qiang Shanfeng and Mr. Zhou Yudao were appointed as executive directors of the Company; Mr. Shi Yuchen was appointed as a non-executive director of the Company; Mr. Yang Dongsheng was appointed as an independent non-executive director of the Company.

Mr. Guo Xurang and Mr. Meng Shouji were appointed as supervisors of the Company representing Company shareholders; Mr. Wang Guodong was appointed as an employee representative supervisor.

Mr. Liu Pengfei retired as an executive director of the Company; Mr. Wang Yumin and Mr. Yang Liening retired as non-executive directors of the Company; Mr. Yan Wanpeng retired as an independent non-executive director of the Company.

Mr. Liu Shengmin, Mr. Di Qinghua and Mr. Zhu Zhisheng retired as supervisors of the Company.

Interim Dividend

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

OTHER INFORMATION

Corporate Governance

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

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

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

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

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

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

Model Code for Securities Transactions

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

Audit Committee

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

By order of the Board

Jin Guangcai
Chairman

Lingbao City, Henan Province, The PRC
27 August 2014

KPMG

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 15 to 42 which comprises the consolidated statement of financial position of Lingbao Gold Company Ltd. as at 30 June 2014 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-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2014 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

27 August 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014 – unaudited

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

The notes on pages 21 to 42 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 2014 – unaudited

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

The notes on pages 21 to 42 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014 – unaudited

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current assets			
Property, plant and equipment	*10*	**2,019,578**	2,093,610
Construction in progress	*10*	**470,528**	352,373
Intangible assets	*11*	**730,131**	729,331
Goodwill	*12*	**7,346**	7,346
Lease prepayments		**177,043**	178,989
Other investments		**10,504**	10,504
Non-current prepayments		**30,270**	15,279
Deferred tax assets		**294,974**	303,586
		3,740,374	3,691,018
Current assets			
Inventories	*13*	**1,333,701**	1,449,970
Trade and other receivables, deposits and prepayments	*14*	**1,234,251**	1,150,422
Current tax recoverable		**8,328**	9,840
Assets classified as held for sale	*15*	**9,339**	7,539
Pledged deposits		**115,732**	47,555
Cash and cash equivalents	*16*	**549,540**	367,202
		3,250,891	3,032,528
Current liabilities			
Bank loans	*17*	**2,238,744**	1,721,954
Other loan		**2,081**	2,081
Trade and other payables	*19*	**969,299**	1,165,934
Loan from ultimate holding company		**23,800**	23,800
Current tax payable		**2,763**	1,317
		3,236,687	2,915,086
Net current assets		**14,204**	117,442
Total assets less current liabilities		**3,754,578**	3,808,460

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014 – unaudited

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current liabilities			
Debenture payable	*18*	**700,000**	700,000
Bank loans	*17*	**1,308,305**	1,368,117
Other payables	*19*	**61,117**	63,981
Deferred tax liabilities		**1,537**	159
		2,070,959	2,132,257
NET ASSETS		**1,683,619**	1,676,203
CAPITAL AND RESERVES	*20*		
Share capital		**154,050**	154,050
Reserves		**1,525,802**	1,509,444
Total equity attributable to equity shareholders of the Company		**1,679,852**	1,663,494
Non-controlling interests		**3,767**	12,709
TOTAL EQUITY		**1,683,619**	1,676,203

Approved and authorised for issue by the board of directors on 27 August 2014.

Jin Guangcai
Executive director and chairman

Qiang Shanfeng
Executive director

The notes on pages 21 to 42 form part of this interim financial report.

	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 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 and 1 July 2014	154,050	827,931	160,878	6,657	(858)	811,076	1,959,734	37,862	1,997,596
Changes in equity for the six months ended 31 December 2013:									
Total comprehensive income for the period	–	–	–	1,699	–	(297,939)	(296,240)	(25,153)	(321,393)
Appropriation of safety production funds *(note 20(c))*	–	–	11,423	–	–	(11,423)	–	–	–
Utilisation of safety production funds *(note 20(c))*	–	–	(11,423)	–	–	11,423	–	–	–
Balance at 31 December 2013	154,050	827,931	160,878	8,356	(858)	513,137	1,663,494	12,709	1,676,203
Balance at 1 January 2013	**154,050**	**827,931**	**160,878**	**8,356**	**(858)**	**513,137**	**1,663,494**	**12,709**	**1,676,203**
Changes in equity for the six months ended 30 June 2014:									
Total comprehensive income for the period	**–**	**–**	**–**	**(1,040)**	**–**	**17,398**	**16,358**	**(8,942)**	**7,416**
Appropriation of safety production funds *(note 20(c))*	**–**	**–**	**19,784**	**–**	**–**	**(19,784)**	**–**	**–**	**–**
Utilisation of safety production funds *(note 20(c))*	**–**	**–**	**(14,338)**	**–**	**–**	**14,338**	**–**	**–**	**–**
Balance at 30 June 2014	**154,050**	**827,931**	**166,324**	**7,316**	**(858)**	**525,089**	**1,679,852**	**3,767**	**1,683,619**

The notes on pages 21 to 42 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2014 – unaudited

		Six months ended 30 June	
		2014	2013
	Note	**RMB'000**	RMB'000
Operating activities			
Cash generated from operations		**65,597**	468,530
PRC income tax paid		**(3,325)**	(28,974)
Net cash generated from operating activities		**62,272**	439,556
Investing activities			
Payment for construction in progress		**(169,944)**	(157,332)
Other cash flows arising from investing activities		**(57,978)**	(10,646)
Net cash used in investing activities		**(227,922)**	(167,978)
Financing activities			
Proceeds from interest-bearing borrowings		**1,355,969**	1,798,065
Repayment of interest-bearing borrowings		**(902,125)**	(1,513,877)
Other cash flows arising from financing activities		**(106,305)**	(147,608)
Net cash generated from financing activities		**347,539**	136,580
Net increase in cash and cash equivalents		**181,889**	408,158
Cash and cash equivalents at 1 January	*16*	**367,202**	267,935
Effect of foreign exchange rate changes		**449**	(1,413)
Cash and cash equivalents at 30 June	*16*	**549,540**	674,680

The notes on pages 21 to 42 form part of this interim financial report.

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 27 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 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 Lingbao Gold Company Ltd. ("the Company") and its subsidiaries (together "the Group") since the 2013 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 13 to 14.

2 Changes in accounting policies

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

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

2 Changes in accounting policies (continued)

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

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

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

Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

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

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

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

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

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

HK(IFRIC) 21, *Levies*

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

3 Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines (production processes, products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. Operating segments with similar nature of the production process, products and services have been aggregated to form the following reportable segments.

Mining-PRC	–	Gold mining and mineral ores processing operations in the People's Republic of China (the "PRC").
Mining-KR	–	Gold mining and mineral ores processing operations in Kyrgyz Republic ("KR").
Smelting	–	Gold and other metal smelting and refinery operations carried out in the PRC.
Copper processing	–	Copper processing operation carried out in the PRC.

(a) Segment results, assets and liabilities

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

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

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

3 Segment reporting (continued)

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

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

3 Segment reporting (continued)

(b) Reconciliations of reportable segment profit or loss

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

4 Turnover

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

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

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

5 Other revenue

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

6 Other net loss

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Net realised and unrealised (loss)/gain on financial instruments at fair value	**(12,298)**	1,139
Net loss on disposal of property, plant and equipment	**(15)**	(2,384)
Net loss on disposal of assets classified as held for sale	**–**	(2,598)
Impairment losses on assets classified as held for sale *(note 15)*	**(6,044)**	–
Impairment losses on non-current assets *(note 11, 12)*	**–**	(34,387)
Net foreign exchange gain/(loss)	**120**	(4,842)
Others	**961**	202
	(17,276)	(42,870)

7 Profit/(loss) before taxation

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
(a) Finance costs:		
Interest expense on bank loans	**98,694**	98,819
Interest expense on corporate debentures	**18,171**	20,744
Less: Interest expense capitalised into construction in progress	**(1,301)**	(1,556)
	115,564	118,007
Other borrowing costs	**237**	1,032
	115,801	119,039

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
(b) Other items:		
Amortisation of lease prepayments	**2,776**	2,750
Amortisation of intangible assets	**927**	1,164
Total depreciation	**107,600**	104,865
Less: Depreciation capitalised into construction in progress	**(478)**	(371)
	107,122	104,494
Write-down of inventories and losses net of reversals *(note 13)*	**1,573**	206,112
Operating lease charges in respect of properties	**1,686**	1,485
Environmental rehabilitation fee	**6,656**	8,748
Research and development costs (other than depreciation)	**10,703**	10,182

8 Income tax in the consolidated statement of profit or loss

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Current tax		
PRC income tax for the period	**6,283**	8,311
Deferred tax		
Origination and reversal of temporary differences	**9,990**	(111,050)
	16,273	(102,739)

(a) Under the Corporate Income Tax Law of the PRC (the "CIT Law"), which was passed by the Fifth Plenary Session of the Tenth National People's Congress, effective from 1 January 2008, the Company and its PRC subsidiaries are subject to income tax at the statutory rate of 25%, unless otherwise specified.

One of the subsidiaries, Lingbao Wason Copper-Foil Company Limited ("Wason Copper-Foil") was accredited as a "High and New Technology Enterprise" ("HNTE") in 2009 and was entitled to a preferential income tax rate of 15% for a period of three years from 2009 to 2011. Wason Copper-Foil renewed its HNTE qualification in 2012, and therefore is entitled to the preferential tax rate of 15% for another three years from 2012 to 2014.

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

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

(c) Kyrgyzstan corporate income tax rate in 2014 is 0% (2013: 0%).

(d) Laos profits tax rate for 2014 is 24% (2013: 24%).

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

9 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

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

(b) Diluted earnings/(loss) per share

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

10 Property, plant and equipment and construction in progress

(a) Acquisitions and disposals

During the six months ended 30 June 2014, acquisitions of property, plant and equipment and additions of construction in progress of the Group amounted to RMB9,973,000 (six months ended 30 June 2013: RMB38,163,000) and RMB138,232,000 (six months ended 30 June 2013: RMB128,658,000) respectively. Items of property, plant and equipment with an aggregate net book value of RMB487,000 were disposed of during the six months ended 30 June 2014 (six months ended 30 June 2013: RMB3,433,000), resulting in a loss on disposal of RMB15,000 (six months ended 30 June 2013: loss on disposal of RMB2,384,000).

(b) Impairment losses

As the market price of gold, the major product of the Group, has been in general decreasing during 2013, there was an impairment indicator for property, plant and equipment of the mining subsidiaries of the Group as at 31 December 2013. The recoverable amount of the property, plant and equipment 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 several key assumptions, including the expected gross margin, weighted average growth rates, useful life of the assets and pre-tax discount rate. The forecasted gross margin is based on past business performance and market participants' expectations for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax of 12% to 14% and reflects specific risks relating to the mining segment. Based on this impairment assessment, the Group concluded that property, plant and equipment owned by a subsidiary of the Group was impaired by RMB22,584,000 for the year ended 31 December 2013.

As at 30 June 2014, based on the impairment assessment performed in 2013, the Group reassessed the major factors and performed impairment assessment. Based on the result of this impairment assessment, no additional impairment provision was considered necessary.

11 Intangible assets

(a) Acquisitions and disposals

During the six months ended 30 June 2014, additions of exploration and evaluation assets made by the Group amounted to RMB5,887,000 (six months ended 30 June 2013: RMB17,918,000).

The Group entered into an agreement with a third party on 12 June 2014 to dispose of an exploration right and certain exploration and evaluation assets with a carrying amount of RMB7,844,000. As a result, such intangible assets are presented as assets classified as held for sale at fair value less costs to sell of RMB1,800,000 as at 30 June 2014. An impairment loss of RMB6,044,000 in respect of these assets classified as held for sale was recognised in "other net loss" (note 15).

(b) Impairment losses

No impairment loss of intangible assets was made during the six months ended 30 June 2014 (six months ended 30 June 2013: RMB329,000).

12 Goodwill

	The Group RMB'000
Cost:	
At 1 January 2013, 31 December 2013, and 30 June 2014	41,404
Accumulated impairment losses:	
At 1 January 2013	–
Impairment loss	34,058
At 31 December 2013 and 30 June 2014	**34,058**
Carrying amount:	
At 30 June 2014	**7,346**
At 31 December 2013	7,346

12 Goodwill (continued)

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 2014 RMB'000	At 31 December 2013 RMB'000
Mining	**7,346**	7,346

The recoverable amount of the CGU is determined based on value-in-use calculations with certain key assumptions. Value-in-use calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rates of 12% to 14%. Cash flows projections during the forecast period for the CGU are based on the expected growth rates and gross margins during the forecast period. Forecasted gross margin is based on the expected growth rate for the industry. Forecast gross margin has been determined based on past business performance and market participants' expectations for market development. Management concluded that the goodwill relating to one mining entity of RMB34,058,000 was impaired and therefore it has been fully written-off during the year ended 31 December 2013.

As at 30 June 2014, based on the impairment assessment performed in 2013, the Group reassessed the major factors and performed impairment assessment. Based on the result of this impairment assessment, no additional impairment provision was considered necessary.

13 Inventories

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Raw materials	**920,329**	1,017,118
Work in progress	**90,158**	78,527
Finished goods	**232,612**	253,559
Spare parts and materials	**90,602**	100,766
	1,333,701	1,449,970

13 Inventories (continued)

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Carrying amount of inventories sold	**2,902,879**	3,879,092
Write-down of inventories	**1,573**	206,112
	2,904,452	4,085,204

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

14 Trade and other receivables, deposits and prepayments (continued)

(a) For sales of gold, the Group requests customers to pay cash in full immediately upon the delivery. For sales of other metallic products, trade and bills receivables are due within 90 days to 180 days from the date of billing.

Transfers of financial assets

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

As at 30 June 2014, the Group endorsed certain bank acceptance bills with a carrying amount of RMB45,593,000 (31 December 2013: RMB55,916,000) to suppliers for settling trade payables of the same amount on a full recourse basis. In the opinion of the directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, and accordingly, it continued to recognise the full carrying amounts of these bills receivable and the associated trade payables settled.

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

As at 30 June 2014, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and the payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 30 June 2014, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to banks or suppliers in respect of the discounted bills and endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB30,218,000 and RMB124,565,000 (31 December 2013: RMB7,678,000 and RMB98,278,000) respectively.

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

(c) The Group placed deposits with independent futures trading agents for futures commodity contracts entered into in the normal course of business primarily to protect the Group from the impact of price fluctuations in gold commodities.

15 Assets classified as held for sale

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Intangible assets	**9,339**	7,539

The Group entered into an agreement with a third party on 12 June 2014 to dispose of an exploration right and certain exploration and evaluation assets with a carrying amount of RMB7,844,000 at a consideration of RMB1,800,000. The disposal is expected to be completed in 2015. The carrying amount was written down to their fair value less costs to sell of RMB1,800,000. An impairment loss of RMB6,044,000 was recognised in "other net loss".

For the remaining balance as at 30 June 2014, the Group entered into an agreement with a third party before 1 January 2012 to dispose of certain exploration and evaluation assets at a consideration of RMB10,200,000. Nevertheless, certain assets transfer procedures are still in process and such disposal is expected to be completed in 2015. 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 as at 30 June 2014.

16 Cash and cash equivalents

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Cash and cash equivalents in the condensed consolidated cash flow statement	**549,540**	367,202

17 Bank loans

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

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Current portion:		
Bank loans		
– secured	18,459	101,575
– unsecured	2,220,285	1,620,379
	2,238,744	1,721,954
Non-current portion:		
Bank loans		
– secured	247,958	218,269
– unsecured	1,060,347	1,149,848
	1,308,305	1,368,117

At 30 June 2014, bank loans of the Group amounting to RMB266,417,000 (31 December 2013: RMB267,044,000) were secured by the mining right of Istanbul Gold Mine with a carrying amount of RMB100,789,000 (31 December 2013: RMB100,085,000) and the ordinary shares of Full Gold Mining Limited Liability Company (the "Full Gold"), a subsidiary of the Group in the KR.

At 31 December 2013, a bank loan of the Group amounting to RMB52,800,000 was secured by inventories with a carrying amount of RMB47,558,000 and a guarantee deposit of RMB5,390,000.

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, 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 to corporate investors in the PRC inter-bank debenture market. The notes are unsecured and repayable 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.

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 2014 RMB'000	At 31 December 2013 RMB'000
Current		
Within 3 months	**350,649**	487,442
Over 3 months but within 6 months	**34,004**	43,780
Over 6 months but within 1 year	**3,910**	12,183
Over 1 year but within 2 years	**5,265**	6,826
Over 2 years	**4,392**	4,585
Total trade creditors and bills payable	**398,220**	554,816
Other payables and accruals	**358,431**	404,667
Payable for mining rights	**81,832**	81,089
Deferred income *(note (a))*	**89,306**	80,900
Dividend payable *(note 20(b))*	**1,260**	9,222
Payable to non-controlling interests *(note (b))*	**35,726**	35,240
Derivative financial liabilities *(note 21)*	**4,524**	–
	969,299	1,165,934
Non-current		
Decommissioning costs *(note 22(b))*	**14,066**	13,938
Deferred income *(note (a))*	**47,051**	50,043
	61,117	63,981

(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.

20 Capital, reserves and dividends

(a) Share capital

	At 30 June 2014		At 31 December 2013	
	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

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

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

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

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

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 2014, the Group transferred RMB19,784,000 (six months ended 30 June 2013: RMB22,520,000) from retained earnings to specific reserve provision for the safety production fund and transferred RMB14,338,000 (six months ended 30 June 2013: RMB22,520,000) from specific reserve to retained earnings for the utilisation.

21 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

21 Fair value measurement of financial instruments (continued)

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

	Fair value at 30 June 2014 RMB'000	Fair value measurements as at 30 June 2014 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial liabilities:				
Derivative financial instruments:				
– Forward exchange contracts	651	651	–	–
– Forward commodity contracts	604	604	–	–
– Futures commodity contracts	3,269	3,269	–	–

	Fair value at 31 December 2013 RMB'000	Fair value measurements as at 31 December 2013 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial liabilities:				
Derivative financial instruments:				
– Forward exchange contracts	–	–	–	–
– Forward commodity contracts	–	–	–	–
– Futures commodity contracts	–	–	–	–

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2013 and 30 June 2014.

22 Capital commitments and contingencies

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

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Contracted for	**114,699**	192,275
Authorised but not contracted for	**154,939**	382,227

(b) Environmental contingencies

To date, the Company and the Group's subsidiaries in the PRC have not incurred any significant expenditures for environment remediation and is currently not involved in any environmental remediation. In addition, the Company and the Group's subsidiaries in the PRC 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 RMB576,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB984,000) and environmental rehabilitation expenses of RMB6,656,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB8,748,000).

In accordance with the laws and regulations of the KR, the Group's subsidiary in the KR has present obligation with regards to dismantling of mine site facilities and equipment and site rehabilitation. Provision for decommissioning costs of RMB14,066,000 was made as at 30 June 2014 (31 December 2013: RMB13,938,000).

23 Related party transactions

Particulars of 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:

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	
	2014	2013
	RMB'000	RMB'000
Interest income on bank deposits	**2,278**	1,366
Interest expenses on bank loans	**95,974**	90,150

23 Related party transactions (continued)

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

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 2014 RMB'000	At 31 December 2013 RMB'000
Pledged deposits at state-controlled banks in the PRC	**115,732**	47,542
Cash and cash equivalents at state-controlled banks in the PRC	**510,216**	342,674
Short-term loans and current portion of long-term loans	**2,158,743**	1,641,954
Long-term loans excluding current portion of long-term loans	**1,308,305**	1,368,117
Total loans from state-controlled banks in the PRC	**3,467,048**	3,010,071

(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 2014 RMB'000	2013 RMB'000
Short-term employee benefits	**1,214**	1,664
Post-employment benefits	**69**	70
	1,283	1,734