Wanguo International Mining Group Limited
萬國國際礦業集團有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 3939

INTEGRATE RESOURCES,
CREATE VALUES,
BUILD BENEFITS
AND CONTRIBUTE TO THE SOCIETY

Annual Report 2022

Content

Corporate Information

DIRECTORS

Executive Directors:
Gao Mingqing *(Chairman, Chief Executive Officer)*
Liu Zhichun
Wang Renxiang
Wang Nan

Independent non-executive Directors:
Lu Jian Zhong (retired on 2 June 2022)
Qi Yang (retired on 2 June 2022)
Shen Peng (retired on 2 June 2022)
Tsang Wai Hung (appointed on 2 June 2022)
Wong Chi Ming Ming (appointed on 2 June 2022)
Wang Xin

AUDIT COMMITTEE

Shen Peng *(Chairman)* (retired on 2 June 2022)
Qi Yang (retired on 2 June 2022)
Lu Jian Zhong (retired on 2 June 2022)
Tsang Wai Hung *(Chairman)* (appointed on 2 June 2022)
Wong Chi Ming Ming (appointed on 2 June 2022)
Wang Xin

REMUNERATION COMMITTEE

Qi Yang *(Chairman)* (retired on 2 June 2022)
Lu Jian Zhong (retired on 2 June 2022)
Wong Chi Ming Ming *(Chairman)* (appointed on 2 June 2022)
Wang Xin (appointed on 2 June 2022)
Liu Zhichun

NOMINATION COMMITTEE

Shen Peng *(Chairman)* (retired on 2 June 2022)
Qi Yang (retired on 2 June 2022)
Tsang Wai Hung *(Chairman)* (appointed on 2 June 2022)
Wong Chi Ming Ming (appointed on 2 June 2022)
Wang Xin

COMPANY SECRETARY

Wong Chi Wah *(HKICPA, FCCA)*

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Xinzhuang Township Yifeng County
Jiangxi Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1, 28/F
Singga Commercial Centre 144-151
Connaught Road West
Hong Kong

REGISTERED OFFICE

3rd Floor, Queensgate House
113 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

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Certified Public Accountants
Room 617, Seapower Tower,
Concordia Plaza,
1 Science Museum Road,
Tsimshatsui East,
Hong Kong

LEGAL ADVISER

as to Hong Kong Law
Dentons Hong Kong LLP
3201 Jardine House
1 Connaught Place Central
Hong Kong

PRINCIPAL BANKER

Bank of China, Yifeng Branch
239 Xinchang West Street
Yifeng County
Jiangxi Province
PRC

STOCK CODE

3939

COMPANY WEBSITE

www.wgmine.com

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of Directors (the "**Directors**", each a "**Director**") of Wanguo International Mining Group Limited (the "**Company**"), I am pleased to present the audited results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the financial year ended 31 December 2022.

For the year ended 31 December 2022, the Group mined 1,069,199 tonnes of ores, of which it sold copper in copper concentrates of 4,109 tonnes, iron concentrates of 95,624 tonnes, zinc in zinc concentrates of 6,356 tonnes, sulfur concentrates of 253,080 tonnes, lead in lead concentrates of 1,165 tonnes, sulfur and iron concentrates of 36,078 tonnes, gold of 219 kg, silver of 12,432 kg, copper of 254 kg and zinc of 332 kg as well as 149 kg Gold doré. We achieved revenue of RMB681.4 million, gross profit of RMB315.7 million and profit attributable to owners of the Company of RMB180.5 million.

The year of 2022 was the tenth anniversary of the listing of the Company and we ran out of acceleration on the ten-year road of listing.

In this year, the Group achieved a zero-accident and safe year; excellence in environmental protection as a Jiangxi ecological mining area and green development; completion of technical reform and upgrade of lead and zinc processing plant realizing the benefit to energy saving and consumption reduction.

On 29 November 2022, the Group held an opening ceremony for the commencement of production in Gold Ridge Mine. Various guests attended the Ceremony, including but not limited to, Mr. Manasseh Sogavare ("**Mr. Sogavare**"), Prime Minister of Solomon Islands, and Mr. Ming Li, Chinese Ambassador to Solomon Islands. We shall continue to adhere to the first-class standard of operation and development of Gold Ridge Mine, through technological innovation and management optimisation, and to further improve the production capacity and efficiency of Gold Ridge Mine. We shall also continue to adhere to the sustainable development concept of "Obtain both gold and silver as our reward, together with Green water and Green mountains in our place (既要金山銀山，也要綠水青山)".

On behalf of the Group, I would like to take this opportunity to express my sincere gratitude to all of our customers, business partners and investors for their support and trust to the Group. In addition, I would like to express my heartfelt thanks to our Directors and employees for their dedication and contribution to the Group.

By order of the Board

Gao Mingqing
Chairman and Chief Executive Officer
15 March 2023

Management Discussion and Analysis

MARKET REVIEW

Copper

In 2022, London Market Exchange ("**LME**") copper showed an overall upward and then downward trend. In the first quarter, LME copper was boosted by the high risk sentiment triggered by the outbreak of the Russia-Ukraine conflict and the positive news from the State Council Finance Committee; in the second quarter, investors turned their attention to global inflation, led by the Federal Reserve and Europe Central Bank resulted in the US opening the pace of interest rate rise, risk assets weakened and LME copper surged higher and fell back. After the Fed's June rate meeting announced the first 75 basis point rate hike in 28 years, copper fell rapidly. In the third quarter, London copper oscillated in a range supported by low inventories. As at 18 November 2022, 3 month's LME copper was down 14.37% from the beginning of the year, while the LME index was down 15.10% over the same period.

Iron

In 2022 global inflation remained high, so the Federal Reserve and other central banks raised interest rates, which resulted in the risk of global recession. China's manufacturing activities continued to decline, pig iron industry and the downstream market were affected to varying degrees, coupled with raw materials coke and iron ore oscillation, pig iron market opened a high and shifted in downward trend. In the first quarter of 2022, in the high cost and low inventory level, superimposed on the winter Olympic Games production restrictions, pig iron prices upward. During the second and third quarter, the repeated outbreak of domestic epidemics, increase in pig iron raw material costs and transport costs, pig iron prices rushed up and down in China. During the fourth quarter, favourable macro policy, the epidemic liberalization policy, resuming work in downstream, drove the pig iron market oscillation upwards in China.

MARKET REVIEW *(Continued)*

Zinc

In 2022, the Shanghai zinc market can be described as volatile. In the first quarter, European smelters were subject to a series of production cuts triggered by soaring energy prices that continued to affect the supply side, and the Russia-Ukraine crisis ignited funding concerns about supply-side disruptions. Starting in March 2022, the Federal Reserve began to raise interest rates sharply and consistently to ease high inflation, with an accumulated seven rate hikes of 425 basis points throughout the year, causing asset prices to fall sharply. In mid-July 2022, as a result of a short-term slowdown in inflation, the zinc price bottomed out and rebounded as expectations of interest rate hikes cooled, coupled with low processing fees. In the fourth quarter of 2022, due to the overall weak demand, zinc prices were weak and oscillating. In early November, the Federal Reserve officials claimed to slow down interest rate hikes, coupled with low inventories, zinc prices rose sharply. From mid-December onwards, zinc prices returned to reality, with the overall zinc price oscillating between expectations and reality.

Lead

According to Shanghai Metal Market ("**SMM**"), lead price movement was choppy in 2022. The average price of SMM 1# lead ingot was RMB15,725/mt by end of the year, increasing by RMB525/mt or 3.45% from the beginning of the year.

According to SMM data, from January to November 2022, the primary lead production in China increased by 1.89% year-on-year. Taking into account factors such as roll-out of new production capacity in the fourth quarter and the relaxation of pandemic control, SMM estimates that the annual primary lead production in 2022 will be about 3.21 million mt.

According to SMM data, the cumulative domestic secondary lead output from January to November 2022 stood at 3.87 million mt, representing an increase of 5.11% year-on-year. This included 3.39 million mt of secondary refined lead, down 2.01% year-on-year.

According to SMM data, after a brief rise in early-to-mid March 2022, the social inventory of lead ingots in the five major regions showed an overall downward trend. By end of the year, the social inventory stood at 38,200 mt, representing a staggering drop of 59.06% from the beginning of the year.

Management Discussion and Analysis

MARKET REVIEW *(Continued)*

Gold and Silver

In 2022, gold and silver prices tend to move in the same direction, generally suppressed by the strong dollar, and silver prices are more volatile overall. 2022 precious metal prices show a rise and then down, COMEX gold price oscillation range of US$1,618 – US$2,079 per ounce. COMEX silver prices basically follow gold price fluctuations, but the phase of the trend has divergence.

The precious metal price trend is mainly divided into three phases: Phase 1: the beginning of the year to the beginning of March. The situation between Russia and Ukraine continued to be tense and war broke out, the European and American sanctions against Russia continued to escalate, the global financial trade logistics system suffered a shock, energy, metals, agricultural products as the representative of the bulk of resource prices soared, while the global market risk aversion rose sharply, the panic index VIX once rose to nearly 40, resulted in gold and silver prices soared. COMEX gold prices exceeded the US$2,000 per ounce, while COMEX silver prices exceeded US$27.5 per ounce.

Phase 2: Mid-March to early November. Europe and the United States central banks collectively tightened monetary policy, the Federal Reserve opened the interest rate hike cycle and tapering, the US dollar liquidity contraction, resulted in the US dollar index reaching a 20-year high. Global inflation boosted U.S. Treasury yields up and inverted, global market risk appetite cooling, commodities across the board plunged, gold and silver prices shocked down. Russia-Ukraine war triggered stagflation expectations rising and Europe's energy crisis intensified, the global recession and the US dollar contraction inhibited industrial metals, silver prices were affected by the downside. COMEX gold and silver prices fell to US$1,900 per ounce and US$24.2 per ounce respectively.

Phase 3: Mid-November to the end of the year. Developed countries' central bank monetary policy adjustment and economic data in Europe and the United States led to violent volatility in the foreign exchange market, U.S. inflation data cooled back down, and the Fed continued tightening policy intensified market fears of recession. The Bank of Japan turned to tighten monetary policy, the European Central Bank accelerated interest rate hikes, European and American long bond yields rose sharply, the yen against the U.S. dollar exchange rate burst, the U.S. dollar index in the shock gradually dip. Combined with continued global geopolitical tensions, gold and silver prices rebounded, with COMEX gold and silver prices moving up to US$1,800 per ounce and US$24.0 per ounce respectively

BUSINESS REVIEW

Our Group is principally engaged in the business of mining, ore processing and sale of concentrates products in the PRC. Currently, we, through our wholly-owned subsidiaries, own the entire equity interest in Jiangxi Province Yifeng Wanguo Mining Company Limited ("**Yifeng Wanguo**") which in turn owns the Xinzhuang Copper, Lead, Zinc Mine, an operating mine located in Jiangxi Province, the PRC ("**Xinzhuang Mine**") in which we conduct underground mining. The Xinzhuang Mine has a substantial volume of non-ferrous polymetallic mineral resources. Products of our Group primarily include copper concentrates, iron concentrates, zinc concentrates, sulfur concentrates, lead concentrates as well as by-products of gold and silver.

The Group has, on 13 July 2017, completed acquisition of 51% attributable interest of Xizang Changdu County Dadi Mining Company Limited ("**Xizang Changdu**"), which owns the lead mine in Walege of Changdu Country, the PRC ("**Walege Mine**") in which we may further exploit for open-pit and underground mining. The Walege Mine has a significant volume of mineral resources of lead and silver.

In addition, the Group has on 30 April 2020, completed acquisition of 77.78% interest of AXF Gold Ridge Pty Limited, which owns 90% interest of a gold ridge mine located in the Solomon Islands ("**Gold Ridge Mine**") in which we may further exploit for open-pit and underground mining. The Gold Ridge Mine has a substantial volume of mineral resources of gold.

Management Discussion and Analysis

EXPANSION IN EXISTING MINES

Xinzhuang Mine

We had completed our expansion plan as disclosed in the prospectus of the Company dated 28 June 2012 (the "**Prospectus**") in Xinzhuang Mine, reaching 600,000 tpa in both mining capacity and processing capacity.

In February 2022, the Group received the approval in relation to the 900,000 tpa expansion plan of Xinzhuang Mine from the Development and Reform Commission of Jiangxi Province (江西省發展改革委員會). In March 2022, the Emergency Management Department of Jiangxi Province (江西省應急管理廳) organised and approved a review of the "safety facility design" of our expansion design. Xinzhuang Mine is now under reconstruction and expansion plan of 900,000 tpa, while the underground engineering projects have been completed by end of 2022.

During 2022, our Xinzhuang Mine has also completed renovation of Lead-Zinc-copper processing plant project, reaching production capacity of 1200 tonnes per day and achieving better metal recovery.

Walege Mine

During 2022, the Group applied for delineation of the mining area permission from the Department of Natural Resources of the Tibet Autonomous Region. It has completed and submitted Geoenvironmental Protection and Land Reclamation Programme (地質環境保護與土地複墾方案) and Social Stability Risk Assessment Report (社會穩定性風險評估報告) of Walege Mine for review. It has completed the national survey of mineral resources in the Tibet Autonomous Region by the Ministry of Natural Resources, disclosure system sample checks and field verification work.

Gold Ridge Mine

Recommissioning activities were back on track in March 2022 as the wave of COVID subsided. Heap leach operation commenced in production of gold and an approximately 149kg of gold doré was exported in 2022. Flotation plant calibration continued across various segments of the plant to achieve the designed specifications and throughput. Gold Ridge Mining Limited ("**GRML**") anticipate this phase will continue in 2023 until production parameters are achieved and stabilized as well as bulky shipment. It continued to work with Golder Associates and Nerin Engineering to address the recommendations from the independent reviewer of the dry stack tailings proposal. Construction of the second phase of the dry stack facility continued to progress.

EXPANSION IN SURROUNDING AREAS

According to the Independent Technical Expert's Report in the Prospectus, there are significant additional defined mineral resources outside the planned mining area in the Xinzhuang Mine within the boundary covered by the current mining licence held by the Group. On 20 November 2012, Yifeng Wanguo entered into an exploration agreement (the "**Exploration Agreement**") with the Bureau of Geology and Mineral Exploration of Jiangxi Province (the "**Jiangxi Geology Bureau**"). By the end of 2013, Jiangxi Geology Bureau has completed the field exploration work. A Mineral Resources Verification Report (資源儲量核實報告) has been finished and approved by Jiangxi Province Land Resources Bureau in April 2014 and obtained registration in December 2014.

The exploration in the Xinzhuang Mine has increased the geological reserves of the Group and further proved the hydrogeology conditions in the mining area. Yifeng Wanguo has also appointed Changsha Mine Research Institute to carry out mining experiments on the possibility to remove the waterproof pillars in the mining area. The Group received the report by end of June 2017. The report showed that a portion of the waterproof pillars can be removed, which will result in an increase of mineral resources of the Xinzhuang Mine by 2.6 million tonnes.

Management Discussion and Analysis

MINERAL RESOURCES AND RESERVES

The Xinzhuang Mine Mineral Resource Summary – as at 31 December 2022

Mineralization Type	JORC Mineral Resource Category	Tonnage	Grades					Contained Metals				
			Cu	Pb	Zn	TFe	mFe	Cu	Pb	Zn	TFe	mFe
		kt	%	%	%	%	%	kt	kt	kt	kt	kt
Cu-Fe	Measured	4,258	0.79	–	–	–	–	33.81	–	–	–	–
	Indicated	11,051	0.69	–	–	–	–	75.72	–	–	–	–
	Subtotal	**15,309**	**0.72**	**–**	**–**	**–**	**–**	**109.53**	**–**	**–**	**–**	**–**
	Inferred	845	0.47	–	–	–	–	3.93	–	–	–	–
	Total	**16,154**	**0.70**	**–**	**–**	**–**	**–**	**113.46**	**–**	**–**	**–**	**–**
Fe-Cu	Measured	1,521	0.19	–	–	44.17	30.98	2.84	–	–	671.81	471.18
	Indicated	2,704	0.34	–	–	39.59	24.23	9.20	–	–	1,070.79	655.39
	Subtotal	**4,225**	**0.28**	**–**	**–**	**41.24**	**26.66**	**12.04**	**–**	**–**	**1,742.60**	**1,126.57**
	Inferred	296	0.53	–	–	44.13	31.03	1.58	–	–	130.62	91.84
	Total	**4,521**	**0.30**	**–**	**–**	**41.43**	**26.95**	**13.62**	**–**	**–**	**1,873.22**	**1,218.41**
Cu-Pb-Zn	Measured	1,265	0.13	0.97	5.36	–	–	1.66	12.30	67.72	–	–
	Indicated	1,890	0.09	1.88	3.70	–	–	1.65	35.57	69.93	–	–
	Subtotal	**3,155**	**0.10**	**1.52**	**4.36**	**–**	**–**	**3.31**	**47.87**	**137.65**	**–**	**–**
	Inferred	340	0.13	0.39	4.44	–	–	0.43	1.34	15.08	–	–
	Total	**3,495**	**0.11**	**1.41**	**4.37**	**–**	**–**	**3.74**	**49.21**	**152.73**	**–**	**–**
Total	Measured	7,044	–	–	–	–	–	38.31	12.30	67.72	671.81	471.18
	Indicated	15,645	–	–	–	–	–	86.57	35.57	69.93	1,070.79	655.39
	Subtotal	**22,689**	**–**	**–**	**–**	**–**	**–**	**124.88**	**47.87**	**137.65**	**1,742.60**	**1,126.57**
	Inferred	1,481	–	–	–	–	–	5.94	1.34	15.08	130.62	91.84
	Total	**24,170**	**–**	**–**	**–**	**–**	**–**	**130.82**	**49.21**	**152.73**	**1,873.22**	**1,218.41**

Notes:

(1) The mineral resources also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.

(2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code were based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

(3) There were no material changes in these estimates during the period from 31 December 2011 to 31 December 2022.

MINERAL RESOURCES AND RESERVES *(Continued)*

The Xinzhuang Mine Ore Reserve Summary – as at 31 December 2022

Mineralization Type	JORC Ore Reserve Category	Tonnage	Grades Cu	Grades Pb	Grades Zn	Grades TFe	Grades mFe	Contained Metals Cu	Contained Metals Pb	Contained Metals Zn	Contained Metals TFe	Contained Metals mFe
		kt	%	%	%	%	%	kt	kt	kt	kt	kt
Cu-Fe	Proved	2,817	0.77	–	–	–	–	21.64	–	–	–	–
	Probable	3,752	0.65	–	–	–	–	24.94	–	–	–	–
	Total	**6,569**	**0.71**	**–**	**–**	**–**	**–**	**46.58**	**–**	**–**	**–**	**–**
Fe-Cu	Proved	1,621	0.21	–	–	37.19	32.88	3.36	–	–	602.75	532.96
	Probable	1,133	0.32	–	–	23.17	19.26	3.64	–	–	262.63	218.28
	Total	**2,754**	**0.26**	**–**	**–**	**31.19**	**27.05**	**7.00**	**–**	**–**	**865.38**	**751.24**
Cu-Pb-Zn	Proved	702	0.08	0.87	5.03	–	–	0.59	6.11	35.29	–	–
	Probable	462	0.04	1.36	2.92	–	–	0.17	6.30	13.48	–	–
	Total	**1,164**	**0.07**	**1.07**	**4.19**	**–**	**–**	**0.76**	**12.41**	**48.77**	**–**	**–**
Total	Proved	5,140	–	–	–	–	–	25.59	6.11	35.29	602.75	532.96
	Probable	5,347	–	–	–	–	–	28.75	6.30	13.48	262.63	218.28
	Total	**10,487**	**–**	**–**	**–**	**–**	**–**	**54.34**	**12.41**	**48.77**	**865.38**	**751.24**

Notes:

(1) The mineral resources also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.

(2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code were based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

(3) There were no material changes in these estimates during the period from 31 December 2011 to 31 December 2022.

MINERAL RESOURCES AND RESERVES *(Continued)*

The Walege Mine Mineral Resource Summary – as at 31 December 2022 Grade Tonnage Reported above a Cut-off Grade of 2.5% Pb

JORC Mineral Resource Category	Tonnes	Grade	Ag	Lead Metal	Silver Metal
	(Mt)	(Pb%)	(g/t)	(1,000t)	(1,000Kg)
Measured	13.996	3.79	44.80	530.4	627.1
Indicated	18.343	3.57	43.32	655.6	794.7
Inferred	10.688	3.82	48.22	408.5	515.4
Totals	**43.027**	**3.71**	**45.02**	**1,594.5**	**1,937.2**

Notes:

(1) The mineral resource estimates were based on 136 diamond drilling holes, 54 trenching projects and 9 pit excavation engineering completed up until 2018. The wireframes were generated based on cross sectional widths of 50m-100m*100m-200m spacing. This was based on exploration drilling patterns. Mineralisation cut-off grades of 0.5% Pb combined with the geological logging were used to define the mineralised envelopes.

(2) The mineral resources have been classified and reported in accordance with the JORC Code. Resource classification is based on confidence in the mapping, geological interpretation, drill spacing and geostatistical measures. The current resource models provided robust global estimates of the in situ mineralisation of Pb and Ag. Mineral Resources have been reported above cut-off of 2.5% Pb.

(3) The mineral resource estimates were based on 72 diamond drill holes completed up until 2013 and the wireframes were generated based on cross sectional widths of 100m-100m spacing as disclosed in the Company's circular dated 2 December 2015. There were no material changes in these estimates during the period from 31 December 2018 to 31 December 2022.

Gold Ridge Mine Resources Summary – as at 31 December 2022 at 0.6 g/t Au cut-off grade

JORC Mineral Resource Category	Tonnes	Gold Grade	Contained Gold	As	Cu	S
	(Mt)	(g/t Au)	(k oz Au)	(ppm)*	(ppm)*	(%)*
Measured	23.8	1.35	1,034	231	84	1.52
Indicated	20.3	1.34	875	119	88	1.43
Inferred	31.2	1.55	1,558	79	91	1.47
Total**	**75.4**	**1.43**	**3,466**	**138**	**88**	**1.47**

* Due to the sparseness of As, Cu and S assays these contaminant grades are indicative only.

** Totals may not add up due to rounding.

MINERAL RESOURCES AND RESERVES *(Continued)*

Notes:

1) The mineral resource estimates have been derived from samples collected from diamond core drilling and some RC drilling programs in the Gold Ridge Mine's drilling database which contains 4,565 holes and 221,310m of drilling.

2) The 2014 topographic mined out surface was used as the upper boundary of the resource model. This surface was provided by mine surveys at the cessation of mining on 1 April 2014. To limit the extrapolation of grades at depth in the resource model, a surface representing the Base of Drilling was created.

3) A pit shell at 1.5 times the base revenue and approximately equivalent to a pit shell optimised with a US$1,950 per ounce gold price was selected to limit the reporting of mineral resources above the 'reasonable prospects for eventual economic extraction' (RPEEE) pit sell. This was further constrained with a 0.6g/t Au cut-off grade.

4) There were no material changes in these estimates during the period from 31 December 2021 to 31 December 2022.

	Gold Ridge Mine Ore Reserves Summary as at 31 December 2022		
Ore Reserve Class	**Tonnes** (Mt)	**Gold Grade** (g/t Au)	**Contained Gold** (k oz Au)
Probable	**31.0**	**1.42**	**1,420**

Notes:

1) The Ore Reserve conforms with and uses the JORC Code (2012) definitions.

2) The Ore Reserve was estimated using a fixed cut-off grade of 0.6 g/t Au.

3) Ore block grade and tonnage dilution were incorporated through the use of an Ordinary Kriged Resource Model.

4) All figures are rounded to reflect appropriate levels of confidence.

5) Apparent differences may occur due to rounding.

6) There were no material changes in these estimates during the period from 31 December 2021 to 31 December 2022.

FINANCIAL REVIEW

	Year ended 31 December					
	Concentrated products and gold doré (own mined) RMB'000	**Trading of electrolytic copper and other concentrate (sourced outside) RMB'000**	**2022 Total RMB'000**	Concentrated products (own mined) RMB'000	Trading of electrolytic copper and other concentrate (sourced outside) RMB'000	2021 Total RMB'000
Revenue	**631,942**	**49,476**	**681,418**	569,005	1,445,390	2,014,395
Cost of sales	**(316,323)**	**(49,411)**	**(365,734)**	(254,293)	(1,443,895)	(1,698,188)
Gross profit	**315,619**	**65**	**315,684**	314,712	1,495	316,207
Gross profit margin	**49.9%**	**0.13%**	**46.3%**	55.3%	0.10%	15.7%

Revenue, cost of sales, gross profit and gross profit margin

The Group's overall revenue decreased by approximately 66.2% from approximately RMB2,014.4 million in 2021 to approximately RMB681.4 million in 2022, which was primarily due to the decrease in the sales of electrolytic copper. Our cost of sales decreased by approximately 78.5% from approximately RMB1,698.2 million in 2021 to approximately RMB365.7 million in 2022 which was mainly driven by the corresponding decrease in sales of electrolytic copper.

The overall gross profit of the Group decreased by approximately 0.2% from approximately RMB316.2 million for the year ended 31 December 2021 to approximately RMB315.7 million for the year ended 31 December 2022. The overall gross profit margin increased from approximately 15.7% for the year ended 31 December 2021 to approximately 46.3% for the year ended 31 December 2022. Such increase was mainly attributable to the decrease in revenue portion of trading of electrolytic copper and lead, which had a low gross profit margin.

(i) Concentrates products and gold doré (own mined)

	Year ended 31 December					
	Xinzhuang Mine concentrated products RMB'000	**Gold Ridge Mine gold doré RMB'000**	**2022 Total RMB'000**	Xinzhuang Mine concentrated products RMB'000	Gold Ridge Mine gold doré RMB'000	2021 Total RMB'000
Revenue	**583,983**	**47,959**	**631,942**	569,005	–	569,005
Cost of sales	**(274,756)**	**(41,567)**	**(316,323)**	(254,293)	–	(254,293)
Gross profit	**309,227**	**6,392**	**315,619**	314,712	–	314,712
Gross profit margin	**53.0%**	**13.3%**	**49.9%**	55.3%	N/A	55.3%

FINANCIAL REVIEW *(Continued)*

Revenue, cost of sales, gross profit and gross profit margin *(Continued)*

(i) Concentrates products and gold doré (own mined) *(Continued)*

Xinzhuang Mine – concentrates products

Revenue from sales of concentrates products increased by approximately 2.6% from approximately RMB569.0 million for the year ended 31 December 2021 to approximately RMB584.0 million for the year ended 31 December 2022.

For the year ended 31 December 2022, we sold 4,109 tonnes of copper in copper concentrates, 95,624 tonnes of iron concentrates and 6,356 tonnes of zinc in zinc concentrates, compared to 3,839 tonnes, 95,437 tonnes and 7,386 tonnes respectively for the year ended 31 December 2021, representing increases of approximately 7.0% and 0.2% for copper in copper concentrates and iron concentrates respectively which were principally attributable to the increase in production efficiency with the use of upgraded machines and technology improvements in both mining and processing processes, and a decrease of approximately 13.9% for zinc in zinc concentrates due to the suspension of lead-zinc processing plant that was under reconstruction in relation to the 900,000 tpa expansion plan.

The average prices of copper in copper concentrates, iron concentrates and zinc in zinc concentrates in 2022 were RMB53,720, RMB738 and RMB16,320 per tonne respectively, compared to RMB54,286, RMB946 and RMB14,962 per tonne respectively in 2021, representing decreases of approximately 1.0% and 22.0% and an increase of 9.1% respectively, resulting from the fears of a global recession and decrease in demand of copper in copper concentrates and iron concentrates in China. Zinc prices have been rising slightly when China first indicated that it would ease its strict Covid policy.

The cost of sales of concentrates products increased by approximately 8.1% from approximately RMB254.3 million in 2021 to approximately RMB274.8 million in 2022, which was mainly driven by the increase in cost of materials such as explosives and chemical products and fee paid to a third-party contractor for underground mining works.

The gross profit of concentrates products for the year ended 31 December 2022 was approximately RMB309.2 million, representing a decrease of approximately 1.7% compared to approximately RMB314.7 million for the year ended 31 December 2021. The gross profit margin decreased from approximately 55.3% for the year ended 31 December 2021 to approximately 53.0% for the year ended 31 December 2022. Such decrease was mainly attributable to the decrease in average price of iron concentrates.

Gold Ridge Mine – gold doré

Starting from November 2022, Gold Ridge Mine exported gold doré from the heap leach operation and sold approximately 149kg gold doré in 2022. Revenue from sales of gold doré for the year ended 31 December 2022 was approximately RMB48.0 million and the cost of sales was approximately RMB41.6 million, resulting in a gross profit of approximately RMB6.4 million and gross profit margin of approximately 13.3% for the year ended 31 December 2022.

FINANCIAL REVIEW *(Continued)*

Revenue, cost of sales, gross profit and gross profit margin *(Continued)*

(ii) Trading of electrolytic copper and lead and other concentrates (sourced outside)

Revenue from trading of electrolytic copper, electrolytic lead and other concentrates decreased by approximately 96.6% from approximately RMB1,445.4 million for the year ended 31 December 2021 to approximately RMB49.5 million for the year ended 31 December 2022, resulting from the gradual termination of trading of electrolytic copper and lead with low profit margin.

The corresponding cost of sales of electrolytic copper, electrolytic lead and other concentrates decreased by approximately 96.6% from approximately RMB1,443.9 million for the year ended 31 December 2021 to approximately RMB49.4 million for the year ended 31 December 2022, which was mainly driven by the corresponding decrease in sales revenue.

The gross profit of trading of electrolytic copper, electrolytic lead and other concentrates decreased by approximately 95.7% from approximately RMB1.5 million for the year ended 31 December 2021 to approximately RMB65,000 for the year ended 31 December 2022. The gross profit margin increased from approximately 0.10% for the year ended 31 December 2021 to approximately 0.13% for the year ended 31 December 2022. The gross profit margins were comparable in the periods.

Other income

Our other income mainly comprised bank interest income of approximately RMB0.6 million, incentives received from governmental authorities of approximately RMB1.3 million and government grant and subsidy to Yifeng Wanguo in relation to the mining technology improvement of approximately RMB1.2 million for the year ended 31 December 2022. Other income increased by approximately RMB0.5 million as compared with 2021, which was mainly attributable to the increase in incentives received from local governmental authorities.

Other gains and losses

Our other gains and losses decreased by approximately RMB3.8 million from gains of approximately RMB1.2 million to losses of approximately RMB2.6 million, which comprised mainly loss on disposal of property, plant and equipment of approximately RMB0.2 million and unrealised exchange loss of approximately RMB2.3 million as a result of the translation of Australian dollars and Hong Kong dollars into Renminbi as at 31 December 2022, whereas for the year ended 31 December 2021, there were unrealised exchange gain of approximately RMB1.1 million as a result of the translation of Australian dollars and Hong Kong dollars into Renminbi.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately 27.7% from approximately RMB4.7 million for the year ended 31 December 2021 to approximately RMB6.0 million for the year ended 31 December 2022. The increase was mainly attributable to the increase in the railway and transportation fees as result of the increase in the sales volume of concentrates products and export duty in relation to sales of gold doré.

Administrative expenses

Our administrative expenses increased by approximately 14.7% from approximately RMB75.5 million in 2021 to approximately RMB86.6 million in 2022. The increase was principally attributable to the increase in staff costs and diesel oil fees for the resumption activities in Gold Ridge Mine and increase in research and development expenses incurred by Yifeng Wanguo with respect to certain research projects on improvement of metal extraction and mining techniques.

FINANCIAL REVIEW *(Continued)*

Finance costs

Our finance costs increased by approximately 90.8% from approximately RMB7.6 million in 2021 to approximately RMB14.5 million in 2022, primarily due to the increase in interest on contract liabilities of approximately RMB5.3 million and interest expenses derived from bank borrowings which were newly drawn down during the year.

Impairment loss on exploration and evaluation assets and other intangible asset

According to the impairment assessment on the exploration and evaluation assets and other intangible asset of Xizang Changdu which was carried out by an independent professional valuer, no impairment loss is provided for the year ended 31 December 2022. In 2021, the recoverable amount of these assets was approximately RMB501.4 million while the carrying value of these assets was approximately RMB512.8 million. As a result, impairment loss on exploration and evaluation assets and other intangible asset of approximately RMB4.3 million and RMB7.1 million respectively were recognised in the profit and loss for the year ended 31 December 2021.

Income tax expense

Our income tax expense was approximately RMB39.5 million in 2022, consisting of PRC corporate income tax payable of approximately RMB35.2 million, withholding tax payable of approximately RMB4.4 million and deferred tax credit of approximately RMB0.1 million. Our income tax expense was approximately RMB39.3 million in 2021, consisting of PRC corporate income tax payable of approximately RMB36.5 million, withholding tax payable of approximately RMB4.6 million and deferred tax credit of approximately RMB1.8 million.

The increase in our income tax expense for the year ended 31 December 2022 was primarily due to a deferred tax credit of approximately RMB1.8 million recorded in last year which was in relation to the impairment loss on exploration and evaluation assets and other intangible asset.

Profit for the year

As a result of the foregoing, our profit after taxation decreased by approximately 6.6% or approximately RMB11.9 million, from approximately RMB181.6 million for the year ended 31 December 2021 to approximately RMB169.7 million for the year ended 31 December 2022. The decrease was mainly attributable to the increase in administrative expenses and finance costs.

Our net profit margin increased from approximately 9.0% for the year ended 31 December 2021 to approximately 24.9% for the year ended 31 December 2022. Such increase was mainly due to the termination of trading of electrolytic copper and lead with low profit margin and rise in revenue and profit generated from sales of own mined concentrated products.

Profit attributable to owners of our Company

The profit attributable to the owners of our Company decreased by approximately 6.7% or approximately RMB12.9 million, from approximately RMB193.4 million for the year ended 31 December 2021 to approximately RMB180.5 million for the year ended 31 December 2022.

Analysis of property, plant and equipment and construction in progress

As at 31 December 2022, the Group's property, plant and equipment and construction in progress were approximately RMB727.0 million, representing an increase of approximately RMB94.6 million or approximately 15.0% over last year mainly due to the purchase of mining and processing equipment and construction of mining structures in the Gold Ridge Mine.

FINANCIAL REVIEW *(Continued)*

Analysis of inventories

Inventories consist of raw materials, ore and processed concentrates. Raw materials mainly include forged steel grinding balls, explosives, chemical products and diesel oil used for the production of concentrates. As at 31 December 2022 and 2021, our inventories were approximately RMB157.8 million and approximately RMB18.6 million respectively. The increase in inventories was mainly due to substantial volume of ore produced during the last quarter of 2022.

Analysis of trade and bills receivables

Trade receivables represent receivables from the sale of processed concentrates and gold doré. Our Group generally requests our concentrates customers to make a certain amount of down payment prior to delivery. For trade customers, our Group grants a credit period up to 60 days. Our trade receivables and bills receivables were approximately RMB13.2 million as at 31 December 2022, compared to approximately RMB4.8 million as at 31 December 2021. The increase in trade receivables as at 31 December 2022 was mainly due to no down payments being received prior to delivery for gold doré.

Analysis of trade payables

Trade payables mainly consist of payables in respect of (i) the purchase of forged steel grinding balls, cement and diesel oil and (ii) construction fee payable to our contractors under the expansion plan. As at 31 December 2022 and 2021, our trade payables were approximately RMB83.1 million and approximately RMB14.0 million respectively. The increase in trade payables as at 31 December 2022 was mainly due to the increase in payable for the purchase of diesel oil of approximately RMB22.9 million and subcontracting fee payable to our contractors of approximately RMB25.7 million following the starting of production in Gold Ridge Mine.

Liquidity and capital resources

Our liquidity requirements relate to funding working capital, capital expenditures, acquisition of mining right and maintaining cash reserves, which are funded by a combination of bank borrowings and cash generated from operation.

Our Group had cash and cash equivalents of approximately RMB67.9 million as at 31 December 2022, compared to approximately RMB116.3 million as at 31 December 2021, of which approximately RMB2.7 million (2021: approximately RMB1.9 million) was denominated in Hong Kong dollars, Australian dollars, Solomon Islands dollars and US dollars. Such decrease in bank balances and cash was mainly attributable to the increase in various expenditures for Gold Ridge Mine and prepayment to major subcontractors for the 900,000 tpa expansion plan and resumption activities in Gold Ridge Mine.

As at 31 December 2022, the Group recorded net assets and net current liabilities of approximately RMB1,449.6 million (2021: approximately RMB1,327.4 million) and approximately RMB64.5 million (2021: approximately RMB36.2 million) respectively. The current ratio of the Group as at 31 December 2022 was 0.87 times as compared to 0.89 times as at 31 December 2021. The increase in net current liabilities were attributable to the decrease in bank balances and increase in bank borrowings. Going forward, the Directors believe the Group's liquidity requirements will be satisfied by using funds from a combination of internal generated cash, external borrowings, and advances from related parties in a timely manner.

Borrowings

As at 31 December 2022, the Group had secured bank borrowings of approximately RMB149.4 million and unsecured bank borrowings of approximately RMB40.0 million (2021: secured bank borrowings of approximately RMB78.2 million and unsecured bank borrowings of approximately RMB49.8 million) in aggregate with maturity from one year to five years and effective interest rate of approximately 5.16%.

Gearing Ratio

The Group's gearing ratio (representing total bank borrowings and payables to former non-controlling shareholder of a subsidiary divided by total assets) amounted to approximately 12.1% (2021: approximately 10.3%). The increase in gearing ratio was mainly attributable to the increase in bank borrowings of approximately RMB61.4 million.

FINANCIAL REVIEW *(Continued)*

Cash Flows

The following table sets out a condensed summary of our Group's consolidated statement of cash flows for the year ended 31 December 2022 and 2021:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net cash inflow from operating activities	**166,970**	145,924
Net cash outflow from investing activities	**(182,350)**	(226,919)
Net cash (outflow)/inflow from financing activities	**(34,267)**	160,706
Net (decrease)/increase in cash and cash equivalents	**(49,647)**	79,711
Effect of foreign exchange rate changes	**1,294**	(79)
Cash and cash equivalents at the beginning of the year	**116,294**	36,662
Cash and cash equivalents at the end of the year	**67,941**	116,294

Net cash flow from operating activities

For the year ended 31 December 2022, net cash inflow from operating activities amounted to approximately RMB167.0 million, which mainly comprised the profit before working capital changes of approximately RMB275.2 million, together with increase in trade and other payables of approximately RMB12.8 million, increase in contract liabilities of approximately RMB42.1 million and was offset by increase in inventories of approximately RMB110.2 million, increase in trade and other receivables of approximately RMB10.5 million, withholding tax paid of approximately RMB4.4 and income tax paid of approximately RMB38.0 million.

Net cash flow from investing activities

Net cash outflow from investing activities amounted to approximately RMB182.4 million for the year ended 31 December 2022. It was primarily attributable to the payments of capital expenditure for leasehold lands and property, plant and equipment of approximately RMB170.8 million, payment for evaluation and exploration assets of approximately RMB12.1 million, placement of restricted bank balances of approximately RMB0.8 million and was offset by proceeds from disposal of property, plant and equipment of approximately RMB0.8 million and interest income of approximately RMB0.5 million.

Net cash flow from financing activities

Net cash outflow from financing activities amounted to approximately RMB34.3 million for the year ended 31 December 2022. This was principally due to new borrowings of approximately RMB148.5 million and was offset by repayment of borrowings and interests of approximately RMB96.5 million, repayment of lease liabilities of approximately RMB0.4 million, dividend paid to shareholders of approximately RMB83.6 million as well as repayment to related parties of approximately RMB2.3 million.

Capital Expenditure

The total capital expenditure of the Group decreased from approximately RMB230.1 million for the year ended 31 December 2021 to approximately RMB177.6 million for the year ended 31 December 2022, representing a decrease of approximately 22.8%. The capital expenditure in 2022 was primarily incurred from the purchase of mining and processing equipment and construction of mining structures at the Xinzhuang Mine and Gold Ridge Mine.

FINANCIAL REVIEW *(Continued)*

Contractual Obligations and Capital Commitment

As at 31 December 2022, the Group's capital commitments amounted to approximately RMB2.9 million, which was attributable to the development of the Xinzhuang Mine.

	RMB'000
Three new shafts projects	726
Upgrading the processing plants	597
Other civil work	1,544
	2,867

As at 31 December 2022, the Group has also entered the following commitments in relation to the development of the Gold Ridge Mine.

	RMB'000
Mining and processing equipment	3,809
Other civil work	76
	3,885

Contingent Liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities or guarantees.

Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in this annual report, the Group had no significant investments, or material acquisition and disposal of subsidiaries, associated and joint ventures during the year ended 31 December 2022.

Future Plan for Material Investments and Capital Assets

Save as disclosed in this annual report, the Group does not have any plan authorised by the Board for material investments or additions of capital assets as at the date of this annual report.

Charge on Group Assets

As at 31 December 2022, the Group's mining right, right-of-use-assets and buildings with carrying value of approximately RMB74.7 million (31 December 2021: approximately RMB74.6 million) were pledged to secure the Group's bank borrowings.

Exposure to Fluctuations in Exchange Rates

The Group's businesses are located primarily in the PRC and most of the transactions are conducted in Renminbi. Except for the Group's certain bank balances and cash, other receivables and other payables denominated in Hong Kong dollars, Australian dollars, Solomon Islands dollars and US dollars, the majority of the Group's assets and liabilities are denominated in Renminbi.

As Renminbi fluctuates against Hong Kong dollars and Australian dollars in a limited extent during the year 2022, the Group had no material adverse exposure to foreign exchange fluctuations during the year 2022.

FINANCIAL REVIEW *(Continued)*

Interest Rate Risk

Our bank borrowings are denominated in Renminbi and Hong Kong dollars borrowed from domestic commercial banks at interest rates that are determined by reference to the benchmark interest rates set by the People's Bank of China ("**PBoC**") and Hong Kong Interbank Offered Rate ("**HIBOR**") respectively. Interest rates on our bank loans are subject to adjustments by our lenders in accordance with changes in the PBoC benchmark rates and HIBOR. We are exposed to interest rate risk resulting from changes in interest rates on our short-term and long-term bank borrowings. Increases in benchmark interest rates will increase the interest rates on our bank loans. Increases in interest rates will increase our expense on outstanding borrowings and the cost of new borrowings, and therefore could have a material adverse effect on our financial results. We have not used any interest rate swaps or other derivatives to hedge against interest rate risk.

Financial Instruments

The Group's major financial instruments include trade and other receivables, bank balances and cash, restricted bank balance, trade and other payables, amounts due to related parties, consideration payable to a former non-controlling shareholder of a subsidiary and bank borrowings.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB10.00 cents (equivalent to approximately HK$11.19 cents) per Share for the year ended 31 December 2022 (2021: RMB10.10 cents), representing approximately 43.1% of the profit and total comprehensive income attributable to owners of the Company, payable to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on Monday, 12 June 2023. Based on the number of issued Shares as at the date of this annual report, this represents a total distribution of approximately RMB82.8 million. Subject to the approval of the payment of the final dividend by the Shareholders at the annual general meeting to be held on Friday, 2 June 2023, it is expected that the proposed final dividend will be paid on or before Thursday, 31 August 2023.

ANNUAL GENERAL MEETING

The 2022 annual general meeting (the "**AGM**") of the Company will be held on Friday, 2 June 2023. A notice convening the AGM will be published and despatched to the Shareholders in accordance with the requirements of the articles of association of the Company (the "**Articles**") and the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange in due course.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 29 May 2023.

The final dividend is payable to the Shareholders whose names appear on the register of members of the Company at close of business on Monday, 12 June 2023. For determination of entitlement to the final dividend, the register of members of the Company will be closed from Friday, 9 June 2023 to Monday, 12 June 2023, both days inclusive. In order to qualify for the proposed final dividend, all share certificates with the properly completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 June 2023.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, we had a total of 774 (2021: 606) employees, excluding the independent third-party contractor which is responsible for underground mining work in Xinzhuang Mine. Such increase was attributable to increase in employees in our Gold Ridge Mine.

	Number
Underground technical and supporting mine workers	
– Safety supervision	22
– Mining and geological technical staff	58
– Mining record and surveying staff	10
– Geological drilling operators	20
– Ventilation and hauling facilities and water-pump operators and maintenance staff	68
– Backfilling team	22
Processing plant workers	256
Infrastructure workers	34
Laboratory staff	25
Mine management and supporting staff	259
	774

The remuneration of the employees of the Group is based on their experience, qualifications, and competence. Other employees' benefits include contributions to statutory mandatory provident funds for our Hong Kong employees, superannuation for our Australia employees, national provident funds for our Solomon Islands employees, and social insurance together with housing provident funds for our PRC employees.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Xinzhuang Mine

Mineral exploration

During 2022, the exploration activities in the Xinzhuang Mine was within 4-29 exploration line. We have completed underground geological drilling of 29,300 m, with drill size of 60-108 mm for the year ended 31 December 2022. We have also finished tunnel drilling of 760 m and completed adit mapping of 1,625 m. For the year ended 31 December 2022, approximately RMB10.5 million was incurred for the mineral exploration.

Development

During 2022, Xinzhuang Mine incurred development expenditure of approximately RMB37.6 million. Detailed breakdown of development expenditure is as follows:

	RMB' (million)
Leasehold lands	0.3
Mining structures	24.3
Machinery and electronic equipment for processing plants	12.7
Motor vehicles	0.3
	37.6

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Xinzhuang Mine *(Continued)*

Mining activities

During 2022, we processed a total of 1,072,291 tonnes of ore in the Xinzhuang Mine. The following table shows the volume of our concentrates products sold during 2022.

Type of concentrates sold	Volume
Copper in copper concentrates	4,109 tonnes
Iron concentrates	95,624 tonnes
Zinc in zinc concentrates	6,356 tonnes
Sulfur concentrates	253,080 tonnes
Lead in lead concentrates	1,165 tonnes
Sulfur and iron concentrates	36,078 tonnes
Gold in copper concentrates	59 kg
Silver in copper concentrates	7,025 kg
Gold in zinc concentrates	35 kg
Silver in zinc concentrates	710 kg
Gold in lead concentrates	125 kg
Sliver in lead concentrates	4,697 kg
Copper in lead concentrates	254 kg
Zinc in lead concentrates	332 kg

During 2022, the Group incurred expenditures for mining and processing activities were approximately RMB153.9 million (2021: approximately RMB138.8 million) and approximately RMB89.5 million (2021: approximately RMB87.9 million) respectively. The unit expenditures for mining and processing activities were approximately RMB143.9/t (2021: approximately RMB141.6/t) and approximately RMB83.5/t (2021: approximately RMB90.7/t) respectively. The decrease in unit expenditure for processing activities was mainly attributable to increase in production volume with the use of upgraded machines and technology improvements in processing processes.

Walege Mine

The Group owns 51% equity interest of Xizang Changdu, which in turn owns the Walege Mine in which the Group can conduct both open-pit and underground mining. The Group is in the progress of converting its exploration license to mining license.

Mineral exploration

No mineral exploration was conducted in 2022. During 2021, the main activities were the license maintenance as well as various activities in connection of conversion of exploration license to mining license.

Development

During 2022, Walege Mine incurred development expenditure of approximately RMB1.9 million mainly in respect of delineation of the mining area permission from the Department of Natural Resources of the Tibet Autonomous Region, completion of Geoenvironmental Protection and Land Reclamation Programme(地質環境保護與土地複墾方案)and Social Stability Risk Assessment Report(社會穩定性風險評估報告)of Walege Mine for review and the national survey of mineral resources in the Tibet Autonomous Region by the Ministry of Natural Resources and required public disclosures etc.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Walege Mine *(Continued)*

Mining activities

Since the Walege Mine is still in development stage, no mining activity has taken place during the year ended 31 December 2022.

Gold Ridge Mine

Mineral exploration

In order to upgrade and increase the mineral resources as well as to undertake metallurgical recovery optimisation tests, the Gold Ridge Mine has launched a drilling project within the Charivunga deposit since 2019. The project initially comprised 11 designed diamond drill holes ("**DDH**"), and expanded to 33 DDH following promising results from earlier drillings completed. As at 31 December 2022, 33 DDHs were completed with drilling hole diameter of 75.7mm-122.6mm, totaling 13,973.46 meters drilled. The drilling results are promising with resource increase expected. Final resource update model and reserve will be published once we complete the designed DDHs and review by geologists.

During the year ended 31 December 2022, expenditure of mineral exploration was approximately RMB10.3 million. The expenditure includes direct drilling costs, energy cost and assay cost.

Development

During the year ended 31 December 2022, the Gold Ridge Mine incurred development expenditure of approximately RMB133.2 million.

	RMB' (million)
Mining structures	110.8
Machinery and electronic equipment for processing plants	22.4
	133.2

Mining activities

As the impact of COVID-19 related travel restrictions and shipping bottleneck continued through the first half of 2022, the trial production of the Gold Ridge Mine was pushed to August 2022. Since then, the flotation plant processed a total of 197,439 tonnes of ore by the end of 2022 and produced 2,800 tonnes of gold concentrates (with an average grade above 25g/t) in trial production phase. First shipment of concentrate sales is expected to take place in 2023.

Heap leach production continued over the year of 2022, combined with gold recovered from Knelson concentrator (which is part of the flotation process), we have successfully exported a total amount of 4,796.225 ounces of gold doré (with 81.36% gold content and 16.82% silver content) to ABC refinery (Australia) as at 31 December 2022. Regular sales of gold doré is expected to continue throughout the year of 2023.

Management Discussion and Analysis

PROSPECT

We intend to continue to grow our business into a leading non-ferrous mining company in the PRC and South Pacific region through the following major strategies.

Growing production at our mine and outsourcing our mining works

The scale of our production operation in the Xinzhuang Mine has increased to our targeted mining capacity and processing capacity of 600,000 tpa by end of 2014 and is now on the final stage of upgrading the mining capacity to 900,000 tpa. We planned to further upgrade the mining capacity to 1,000,000 tpa in coming years. To minimise costs, we will continue to outsource our underground mining works to third-party contractors.

Horizontal expansion through future acquisitions of new mines

We intend to further expand our mineral resources and ore reserves through the acquisitions of new mines. We will consider and balance assessment criteria carefully in respect of our acquisition targets, in order to pursue acquisitions prudently with a view to further growing our business and maximising returns to the Shareholders

OUTLOOK

Pursuant to an industry analysis report, the slowdown in the Fed's rate hike path or even the end of the rate hike cycle and the recovery of the Chinese domestic economy will gradually reverse the previous unfavourable factors. The non-ferrous metals industry is expected to see significant improvement in 2023. The changes in Chinese domestic epidemic prevention policies and real estate financing policies are expected to stimulate domestic economic recovery. A complete change and reversal of the dragging factors that plagued non-ferrous metal prices and industry sentiment in the second half of 2022 is expected in 2023.

The Fed is expected to end its interest rate hiking cycle and gold will have a strategic investment opportunity, opening a new bull market in gold prices. With US inflation peaking and sliding, the Fed is slowing down its rate hike process and is expected to end the current cycle in the first half of 2023. Most of the economic leading indicators downward, the risk of recession faced by the U.S. economy will strengthen the market for the Federal Reserve to open a cycle of interest rate cuts to lead to new round of gold prices into the medium-term upward inflection point. The rise in the gold price is the most powerful catalyst for the gold sector market, and will bring significant excess returns to the gold sector.

The Group will speed up the ramping of production capacity to its designed capacity in due course in order to cope with the expected blooming of gold sector.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has complied with the PRC laws relating to the mineral industry such as Mineral Resources Law of the PRC, the Rules for Implementation of the Mineral Resources Law, the Procedures for the Registration of Mining and Mineral Resources and adopted other practices to ensure adherence to applicable legal and regulatory requirements in our PRC operation. The Group is also governed by the Mines and Minerals Act (including its associated amendments and regulations) and the National Minerals Policy as published by the Ministry of Mines, Energy and Rural Electrification for our Solomon Islands operation. Other laws and regulations are also of relevance to the Group by nature of its mining operations, such as Explosives Act and Environment Act, as well as Companies Act and Labour Act. The Board reviews and monitors regularly the Group's policies and practices on compliance with legal and regulatory requirements. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and senior management from time to time.

In addition, as a company listed on the Main Board of the Stock Exchange, the Company is subject to, among others, the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**"). To the best knowledge of the Directors, the Company has complied with the relevant laws and regulations during the year ended 31 December 2022.

Biographical Information of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. GAO Mingqing (高明清), aged 70, is our chairman, chief executive officer and executive Director. He has been the general manager and a director of Yifeng Wanguo and GRML since November 2003 and August 2020 respectively. Mr. Gao was appointed as our executive Director on 13 May 2011. Mr. Gao has over 20 years of experience in the mining industry. He is primarily responsible for our business strategies planning, management and supervision of overall operations including production, business development and financing and investment activities of our Group. In January 2012, Mr. Gao received a second class China Nonferrous Metals Industry Science and Technology Award from the China Nonferrous Metals Industry Association and the Nonferrous Metals Society of Chinain respect of the Integrated Technology for Complicated Hard-to-mine Heavy Water Deposits Safety Mining of the Xinzhuang Mine. Mr. Gao was recognised by the People's Government of Yichun Municipal as an Excellent Entrepreneur in 2007 and an Outstanding Individual in New Business Establishment in 2007, 2008 and 2010. Mr. Gao is also a director of Victor Soar Investments Limited, a substantial and controlling shareholder of the Company.

Mr. LIU Zhichun (劉志純), aged 55, is an executive Director and a member of the remuneration (the "**Remuneration Committee**") of the Board. He has been the deputy general manager of Yifeng Wanguo since he joined our Group in January 2008. Mr. Liu was appointed as an executive Director on 12 June 2012. He is primarily responsible for the marketing and sale of our products. Mr. Liu has approximately 23 years of experience in general marketing and sales of mining products. Prior to joining us in 2008, Mr. Liu worked in Hunan Province Chejiang Copper Mine from 1991 to 1997 where he last served as the deputy manager of the business department. Mr. Liu received a bachelor's degree in history from the Hunan Science and Technology University, previously known as the Xiangtan Normal University, in June 1991.

Mr. Wang Renxiang (王任翔), aged 38, has been appointed as our executive Director on 30 September 2021. He has been acting as the deputy general manager of Wanguo Australia International Group Pty Limited (a wholly owned subsidiary of the Company) ("**Wanguo Australia**") since September 2017 and a director and deputy general manager of GRML since August 2020. He is primarily responsible for the development and recommissioning of the project concerning the Group's gold ridge mine located in the Solomon Islands (the "**Gold Ridge Project**"). Prior to joining the Group, Mr. Wang was an analyst at the Treasury of Australian Government from February 2011 to July 2017. Mr. Wang has been awarded a Graduate Diploma in International Affairs from the Australian National University in July 2017. He graduated with a Master of Commerce with Honours in Finance from the University of Melbourne in December 2010 and a Bachelor of Finance from the Australian National University in July 2007. Mr. Wang is the son of Ms. Gao Jinzhu, a former executive Director and a substantial shareholder of the Company.

Ms. Wang Nan (王楠), aged 50, has been appointed as our executive Director on 30 September 2021. She has been acting as the chief financial officer of Wanguo Australia since June 2018 and a director of GRML since August 2020. She is primarily responsible for finance and business development of the Gold Ridge Project. Prior to joining the Group, Ms. Wang was a senior adviser of the Asian Infrastructure Investment Bank, China Economic Policy, Budget Policy, Infrastructure Finance, Finance Taxation issues at the Department of Treasury of Australian Government from December 2004 to May 2018. She worked as a legal consultant on mergers and acquisitions matters at King & Wood Beijing office from August 2003 to September 2004 and a tax advisor at Arthur Andersen Hong Kong from September 1995 to December 1996. She was awarded a Graduate Diploma in Economics Studies from Monash University and Graduate Diploma in Legal Practice from the Australian National University in May 2013 and April 1996 respectively. She was qualified as a lawyer in Australia in October 1995. She graduated from the Australian National University with double degrees of a Bachelor of Commence and a Bachelor of Laws in April 1994 and April 1995 respectively.

Biographical Information of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsang Wai Hung (曾偉雄), aged 49, has been appointed as our independent non-executive Director and chairman of each of the audit committee (the "**Audit Committee**") and nomination committee (the "**Nomination Committee**") of the Board on 2 June 2022. Mr. Tsang has held the financial management position of Full Wah International Group, who is responsible for operations in Hong Kong and Oceania since 2015. Prior to that, he held a number of financial management role in companies listed on the Stock Exchange, including Prosper One International Holdings Company Limited (Stock Code: 1470) and South China Holdings Company Limited (Stock Code: 413). He was with Ernst & Young from December 2000 to May 2012, where he last held the position of senior manager. Mr. Tsang graduated from the Chinese University of Hong Kong with a bachelor degree of social science and a master degree of philosophy in May 1995 and December 1998 respectively. He is a member of American Institute of Certified Public Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wong Chi Ming Ming (王志明), aged 50, has been appointed as our independent non-executive Director, the chairman of Remuneration Committee and a member of the Audit Committee and Nomination Committee on 2 June 2022. He has over 22 years of experience in financial services and capital markets. Mr. Wong worked in Dao Heng Bank (currently known as DBS Bank) from August 1994 to September 2002 where he last served as manager in enterprise banking. He joined Guotai Junan Securities (Hong Kong) Limited as a credit manager in September 2002. Mr. Wong was promoted to the director of the Credit and Risk Management Department in Guotai Junan Securities (Hong Kong) Limited in August 2009. He was promoted to the position of executive director of the Equity Financing Department of Guotai Junan Securities (Hong Kong) Limited and held the position until his retirement in August 2017. Guotai Junan Securities (Hong Kong) Limited is a subsidiary of Guotai Junan International Holdings Limited, the shares of which are listed on the Stock Exchange (Stock Code: 1788). Mr. Wong graduated in November 1994 from Hong Kong Polytechnic University with a Bachelor of Arts (Hons) Degree in Textile and Clothing Marketing. Mr. Wong obtained a Diploma in Advanced Securities Markets Analysis held by The Stock Exchange of Hong Kong Limited and The Chinese University of Hong Kong in May 1999. Mr. Wong obtained a Master's degree in Corporate Finance and a Master's degree in Professional Accounting, both from The Hong Kong Polytechnic University in November 2003 and December 2007 respectively. Mr. Wong also obtained an Executive Master of Business Administration in November 2011 from The Chinese University of Hong Kong.

Mr. Wang Xin (王昕), aged 52, has been appointed as our independent non-executive Director and a member of the Audit Committee, Nomination Committee and Remuneration Committee on 2 January 2020, 30 September 2021 and 2 June 2022 respectively. Mr. Wang was the chairman of Foshan Nanhai Antaike Trading Company Ltd (佛山市南海安泰科經), primarily involved in trading of non-ferrous metals from February 2019 to December 2021. Since 1992, he has worked as a professor-level senior engineer in the China Nonferrous Metals Techno-Economic Research Institute , primarily involved in industry research, and serving as an assistant to the dean and vice president. From December 2016 to June 2020, Mr. Wang was an independent director of Fujian Minfa Aluminum Co., Ltd , a company listed on Shenzhen Stock Exchange with stock code: 002578. Mr. Wang was the vice president of Indium and Bismuth Branch of China Nonferrous Metals Industry Association between November 2012 and November 2015. He also served as a director of the Second Session of the Aluminum Branch of the China Nonferrous Metals Industry Association from November 2012 to November 2015. Mr. Wang graduated from the Central South University of Technology in July 1992 with a bachelor degree of engineering, in mining engineering.

Biographical Information of Directors and Senior Management

SENIOR MANAGEMENT

Mr. WONG Chi Wah (王志華), FCCA, HKICPA, aged 48, is our chief financial officer and company secretary. He was appointed as chief financial officer and company secretary in July 2011 and May 2012 respectively. Mr. Wong is responsible for the management of our Group's financial matters. He has approximately 24 years of experience in auditing and accounting fields. Prior to joining our Group, Mr. Wong was the chief financial controller and company secretary of China Automotive Interior Decoration Holdings Limited (stock code: 48, previously stock code: 8321), a company listed on the Stock Exchange from February 2010 to June 2011. He has been appointed as an independent non-executive director of China General Education Group Limited, a company listed on the Stock Exchange (stock code: 2175) since July 2022.

Mr. Wong received a bachelor degree in accountancy from the Hong Kong Polytechnic University in 1996. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to protect the interests of the Shareholders. The Company's corporate governance practices are based on principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules. Throughout 2022, the Company had complied with all applicable code provisions of the CG Code, except for the deviation from code provisions C.2.1 and C.2.7 as described in the relevant paragraphs of this corporate goverance report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Having made specific enquiries with all Directors, the Company confirmed that all Directors have complied with the Model Code and the required standards of dealings as set out in the code of conduct for the year ended 31 December 2022 and up to the date of this annual report.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by relevant employees who are likely to possess inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company for the year ended 31 December 2022.

BOARD OF DIRECTORS

As at 31 December 2022 and the date of this annual report, the Board comprised four executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Gao Mingqing *(Chairman and Chief Executive Officer)*
Mr. Liu Zhichun
Mr. Wang Renxiang
Ms. Wang Nan

Independent non-executive Directors

Dr. Lu Jian Zhong (retired on 2 June 2022)
Mr. Qi Yang (retired on 2 June 2022)
Mr. Shen Peng (retired on 2 June 2022)
Mr. Tsang Wai Hung (appointed on 2 June 2022)
Mr. Wong Chi Ming Ming (appointed 2 June 2022)
Mr. Wang Xin

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The biographical details of the current Directors and the relationship among the members of the Board are set out in the "Biographical Information of Directors and Senior Management" on pages 24 to 26 of this annual report. Save as disclosed in this annual report, and to the best knowledge of the Company, there is no financial, business, family or other material/relevant relationships among the members of the Board.

BOARD OF DIRECTORS *(Continued)*

During the year and as at 31 December 2022, the Board complied with the requirement of the Listing Rules relating to the appointment of at least three independent non-executive Directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent.

ROLES AND RESPONSIBILITIES OF THE DIRECTORS

Generally, the responsibilities of the Board include:

- Formulation of overall strategic development of the Group;
- Supervision of the financial performance and risk management and internal control of the Group's business operations;
- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Review of remuneration of Directors; and
- Recommendation and declaration of any interim and final dividends.

The Board has delegated a schedule of responsibilities to the executive Directors and senior management of the Company. These responsibilities include implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee (the "**Committees**", each a "**Committee**") for overseeing particular aspects of the Company's affairs. A copy of the current terms of reference of each Committee is available on the Investor Relations section of the Company's website. To comply with the Listing Rules, the terms of reference of each Committee are also available on the website of Hong Kong Exchanges and Clearing Limited ("**HKEX**"). The Board delegates its powers and authorities from time to time to the Committees in order to ensure operational efficiency and specific issues are being handled with relevant expertise. The Committees do not take action or make decision on behalf of the Board unless specifically mandated by prior Board authority to do so.

In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions of corporate governance. For the year ended 31 December 2022, the Board performed the functions of corporate governance as set out in code provision A.2.1 of the CG Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Gao Mingqing, in addition to his duties as the chairman of the Board (the "**Chairman**"), is also responsible for the strategic planning and overseeing all aspects of the Group's operations as the Chief Executive Officer of the Company. This constitutes a deviation from code provision C.2.1 of the CG Code. Mr. Gao Mingqing as one of the founders of the Group has extensive experience and knowledge in the core business of the Group and his duties of overseeing the Group's operations are clearly beneficial to the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

BOARD MEETINGS

The Company held eight Board meetings during the year ended 31 December 2022, four of which were held for reviewing and approving the financial and operating performance, considering the overall strategies and policies of the Group as well as reviewing the implementation and effectiveness of the Board Diversity Policy and the availability of independent views and inputs to the Board and the remaining Board meetings were held for approving the corporate guarantee to subsidiaries, amendments of memorandum and articles of association, retirement and appointment of new independent non-executive Directors for Shareholders' approval as well as change of auditor.

The following table shows the attendance record of each Director at the Board meetings and the annual general meeting held during the year ended 31 December 2022:

	Attendance/Number of meetings	
Members	**Board meeting**	**Annual general meeting**
Executive Directors		
Mr. Gao Mingqing	8/8	✓
Mr. Liu Zhichun	7/8	✓
Mr. Wang Renxiang	7/8	✓
Ms. Wang Nan	7/8	✓
Independent non-executive Directors		
Dr. Lu Jian Zhong (retired on 2 June 2022)	2/5	✓
Mr. Qi Yang (retired on 2 June 2022)	3/5	✓
Mr. Shen Peng (retired on 2 June 2022)	4/5	✓
Mr. Tsang Wai Hung (appointed on 2 June 2022)	3/3	✓
Mr. Wong Chi Ming Ming (appointed 2 June 2022)	3/3	✓
Mr. Wang Xin	7/8	✓

According to code provision C.2.7 of the CG Code, the Chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. During the year, the Chairman did not hold any meeting with the independent non-executive Directors without other Directors present. Nevertheless, from time to time, the independent non-executive Directors express their views directly to the Chairman via other means including correspondences and emails. The Company is of the view that there is efficient communication between independent non-executive Directors and the Chairman.

PRACTICES AND CONDUCT OF MEETINGS

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings to give all Directors an opportunity to attend. For other board meetings, reasonable notices have been given to all Directors.

The Directors will receive details of agenda and minutes of Committee/Board meetings in advance of and after each Committee/Board meeting respectively. The company secretary of the Company (the "**Company Secretary**") will distribute relevant documents to the Directors in a timely manner to enable the Directors to make informed decisions on matters to be raised at the Board meetings. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring the procedures of the Board meetings are complied with, and in consultation with legal adviser of the Company, advising the Board on compliance matters. Moreover, the Company Secretary prepares minutes of the Board meetings and keeps records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also keeps the minutes of the Board meetings, which are open for inspection at any reasonable time on reasonable notice by any Director.

If a substantial Shareholder or Director has a conflict of interest in a matter to be discussed by the Board which the Board considers material, such matter shall be considered at a Board meeting instead of resolved by written resolutions. Independent non-executive Directors who and whose close associate(s) have no material interest in the matter should be present at such a Board meeting.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

In accordance with code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate.

Relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying. Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2022, all Directors have provided a record of their training to the Company Secretary. All Directors confirmed that they have read training materials provided by the Company in respect of corporate governance, updates of the Listing Rules and the Companies Ordinance.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS *(Continued)*

A summary of training received by the Directors for the year ended 31 December 2022 according to the records provided by the Directors is as follows:

Name of the Directors	Type of Continuous Professional Development Reading on corporate governance, regulatory updates, development and other relevant topics
Executive Directors	
Mr. Gao Mingqing	✓
Mr. Liu Zhichun	✓
Mr. Wang Renxiang	✓
Ms. Wang Nan	✓
Independent non-executive Directors	
Dr. Lu Jian Zhong (retired on 2 June 2022)	N/A
Mr. Qi Yang (retired on 2 June 2022)	N/A
Mr. Shen Peng (retired on 2 June 2022)	N/A
Mr. Tsang Wai Hung (appointed on 2 June 2022)	✓
Mr. Wong Chi Ming Ming (appointed on 2 June 2022)	✓
Mr. Wang Xin	✓

N/A: not applicable

On 10 January 2023, each of Mr. Gao Mingqing Mr. Liu Zhichun, Ms. Wang Nan, Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin attended the training session relevant to the Directors' duties and responsibilities as well as the legal and regulatory updates organised by the Company with the legal adviser of the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Every Director (including executive Directors and independent non-executive Directors) has been appointed for a term of three years with automatic renewal, subject to termination by either party giving the other at least one month written notice and rotation and re-election requirement under the Listing Rules and the Articles.

The procedures and process of appointment, re-election and removal of the Directors have been set out in the Articles. The Nomination Committee is responsible for reviewing the Board's composition, developing and formulating relevant procedures for nomination and appointment or re-appointment of the Directors, monitoring appointment and succession planning of the Directors, and assessing independence of the independent non-executive Directors, as detailed below under the sub-section headed "Nomination Committee".

APPOINTMENT AND RE-ELECTION OF DIRECTORS *(Continued)*

According to article 87 of the Articles, one-third of the Directors (or if their number is not a multiple of three, the number nearest to but no less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The retiring Directors shall be eligible for re-election.

Mr. Liu Zhichun, Mr. Wang Renxiang and Mr. Wang Xin will retire by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election.

On 15 March 2023, the Board accepted the nomination from the Nomination Committee and recommended the retiring Directors to stand for re-election at the AGM.

DIRECTORS' LIABILITY INSURANCE

The Company has arranged for appropriate insurance cover to protect Directors from possible legal action against them.

NOMINATION COMMITTEE

The Nomination Committee was established on 12 June 2012 with written terms of reference in compliance with the CG Code. The Nomination Committee is mainly responsible for (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, and making recommendations on any proposed changes (if any) to the Board to complement the Company's corporate strategy; (ii) identifying and recommending individuals suitably qualified to become Board members and selecting or making recommendations to the Board on selection of individuals nominated for directorships; (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board regarding appointment or re-appointment of Directors and secession planning for Directors.

As at the date of this annual report, the Nomination Committee comprises three independent non-executive Directors, namely Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin. Mr. Tsang Wai Hung has been appointed as the chairman of the Nomination Committee.

Board Diversity

The Nomination Committee has adopted a policy concerning diversity of Board members (the "**Board Diversity Policy**"), which is achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience of the Board members.

All appointments to the Board will be based on merits against the selection criteria, having due regard to the benefits of diversity on the Board as well as the Company's own business model and specific needs arising from time to time. The Board and the Nomination Committee will review the Board Diversity Policy and its effectiveness regularly, monitor its implementation by conducting review of the Board composition under diversified perspectives and discuss any need for changes with the Board and recommend changes to the Board Diversity Policy to the Board for its consideration and approval.

The Board currently has one female Director and has therefore achieved gender diversity in respect of the Board. We will strive to maintain our female representation. The female ratio in the workforce (including senior management) was approximately 16.7% in 2022. Due to nature of mining business, the female ratio of the Group is relatively low compared with other industry.

Nomination Policy

On 29 March 2019, the Board has adopted a nomination policy (the "**Nomination Policy**") to assist the Board in identifying suitably qualified candidates and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors as well as providing the selection criteria and procedures adopted for making recommendations by the Nomination Committee. A summary of the selection criteria and procedures for recommendation and selection of candidates for directorship is disclosed below.

NOMINATION COMMITTEE *(Continued)*

Nomination Policy *(Continued)*

Selection Criteria

In assessing the suitability of a proposed candidate, the Nomination Committee shall consider, among others, the following factors:

- reputation for integrity;
- accomplishment, experience and reputation of the relevant business of the Group;
- time to be devoted and attention to the affairs of the Company;
- diversity of the Board in all aspects, including but not limited to gender, age, cultural background, educational background, skills, knowledge and professional experience;
- compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director; and
- any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The appointment of any proposed candidate(s) to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles and other applicable rules and regulations.

Nomination Procedures

To nominate a candidate for the appointment and/or re-appointment of Directors, the procedures are as follows:

- The secretary of the Nomination Committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members;
- Proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a director of the Company and to the public disclosure of their personal data on any documents or relevant website in connection with their nomination or otherwise pursuant to applicable rules and regulatory requirements. Recommendation will then be made by the Nomination Committee upon review of the relevant documents for Board's consideration and approval. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary;
- In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the candidates to stand for re-election at a general meeting;
- Please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director of the Company", which is available on the Company's website, for procedures for shareholders' nomination of any candidate for election as a Director; and
- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Board will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Committee.

NOMINATION COMMITTEE *(Continued)*

During the year ended 31 December 2022, two meetings were held by the Nomination Committee to review and make recommendations to the Board on the re-appointment of each Director prior to that Director seeking for re-election at the following annual general meeting, appointment of independent non-executive Directors as well as reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and assessment of independence of independent non-executive Directors. The recommendations were made in accordance with the objective criteria with due regard for the benefits of diversity as set out in the Board Diversity Policy and the Articles. The following table shows the number of attendance of each member at the meeting of the Nomination Committee held during the year:

Members	Attendance
Mr. Shen Peng *(Chairman)* (retired on 2 June 2022)	1/1
Mr. Qi Yang (retired on 2 June 2022)	1/1
Mr. Tsang Wai Hung *(Chairman)* (appointed on 2 June 2022)	1/1
Mr. Wong Chi Ming Ming (appointed on 2 June 2022)	1/1
Mr. Wang Xin	1/2

On 30 December 2022, the Nomination Committee had recommended to the Board the re-appointment of Mr. Liu Zhichun, Mr. Wang Renxiang and Mr. Wang Xin for re-election at the forthcoming AGM. The Board had accepted the Nomination Committee's recommendation.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 12 June 2012 with written terms of reference in compliance with code provision E.1.2 of the CG Code in force during the year. The primary duties of the Remuneration Committee include developing remuneration policies of the Directors, evaluating the performance, making recommendations on the remuneration package of our Directors and senior management and evaluating and making recommendations on employee benefit arrangements. As at the date of this annual report, the Remuneration Committee comprises one executive Director, namely Mr. Liu Zhichun, and two independent non-executive Directors, namely Mr. Wong Chi Ming Ming and Mr. Wang Xin. Mr. Wong Chi Ming Ming has been appointed as the chairman of the Remuneration Committee.

During the year ended 31 December 2022, two meetings were held by the Remuneration Committee for reviewing, assessing and making recommendations to the Board on the remuneration packages of the newly appointed independent non-executive Directors and of the Directors and senior management with reference to their performances for 2023. The following table shows the attendance of each member at the meeting of the Remuneration Committee held during the year:

Members	Attendance
Mr. Qi Yang *(Chairman)* (retired on 2 June 2022)	1/1
Dr. Lu Jian Zhong (retired on 2 June 2022)	1/1
Mr. Liu Zhichun	1/2
Mr. Wong Chi Ming Ming *(Chairman)* (appointed on 2 June 2022)	1/1
Mr. Wang Xin (appointed on 2 June 2022)	1/1

AUDIT COMMITTEE

The Audit Committee was established on 12 June 2012 in compliance with Rule 3.21 of the Listing Rules, with written terms of reference in compliance with code provision D.3.3 and D.3.7 of the CG Code.

The primary duties of the Audit Committee are, among other things, to provide independent view of our financial reporting process, risk management and internal control systems, oversee the audit process and perform other duties and responsibilities as assigned by the Board. As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming, and Mr. Wang Xin. Mr. Tsang Wai Hung has been appointed as the chairman of the Audit Committee.

During the year ended 31 December 2022, five meetings were held by the Audit Committee to discharge its responsibilities and to review the Group's annual and interim results, reporting and compliance procedures, the re-appointment of the external auditor, audit planning meeting with external auditor and approval as well as review of resignation of auditor and appointment of new external auditor. The following table shows the number of attendances of each member at the meetings of the Audit Committee held during the year:

Members	**Attendance**
Mr. Shen Peng *(Chairman)* (retired on 2 June 2022)	3/3
Mr. Qi Yang (retired on 2 June 2022)	2/3
Dr. Lu Jian Zhong (retired on 2 June 2022)	2/3
Mr. Tsang Wai Hung *(Chairman)* (appointed on 2 June 2022)	2/2
Mr. Wong Chi Ming Ming (appointed on 2 June 2022)	2/2
Mr. Wang Xin	5/5

The Audit Committee reviews the interim and annual reports respectively as well as the results announcements before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in respect of the Company's interim and annual reports as well as the results announcements.

The Audit Committee is also responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor, which is subject to the approval by the Board and at the general meetings of the Company by the Shareholders.

On 14 March 2023, the Group's annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee, and it considered that the said annual results are prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

AUDITOR'S REMUNERATION

For the year ended 31 December 2022, the total fee paid/payable to the Group's external auditor, KTC Partners CPA Limited, in respect of annual audit services and non-audit services are set out below:

	Fees paid/payable HK$'000
Audit services	
Annual audit services	1,250
Non-audit services	
Interim review	100

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for the preparation of the financial statements of the Company for the year ended 31 December 2022, which give a true and fair view of the financial position of the Group. The auditor of the Company is responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the Shareholders.

RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control systems has been designed to safeguard the assets of the Group, maintain proper accounting records, execute with appropriate authority and comply with the relevant laws and regulations.

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems. They have carried out an annual review of the implemented systems and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. The risk management and internal control systems are implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses.

For the year ended 31 December 2022, the Board considered that the Company's risk management and internal control systems are adequate and effective and the Company has complied with the CG Code.

Main features of risk management and internal control systems

The Company has adopted a risk management policy which is applicable to the Group with objectives of:

(i) determination of risk acceptable to the Group;

(ii) identification and prioritisation of the risk arising from Group's operating activities;

(iii) placing of appropriate mitigation or treatment strategies to manage, transfer or avoid risks; and

(iv) annual review of risks and relevant mitigation strategies for their appropriateness.

To help ensure all risks which are relevant to the Group are considered, a systematic approach to risk identification is followed. Identifiable risk areas which are considered include:

- maintaining a safe work environment for the Group's employees;
- safeguarding and efficient use of assets;
- management of human resources;
- ensuring the Group complies with legal and regulatory obligations;
- achieving established objectives and goals;
- reliability and integrity of financial and operational information;
- compliance with internal policies and procedures; and
- changes in the Group's internal and external environments.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Main features of risk management and internal control systems *(Continued)*

Measures of consequence and likelihood have been determined and are used on a consistent basis. Risk assessment process consists of:

(i) the Group's primary risk assessment process comprises a comprehensive annual risk review. This review involves a complete re-development and re-assessment of the risks to the Group. A team approach comprising senior management from all business units of the Group's operations is used in this assessment phase;

(ii) the review is coordinated with the strategic planning cycle of the Group to ensure risk associated with all strategic business objectives and activities are considered;

(iii) risks identified by each business unit who review their risk profiles annually, and results of internal audit work, are also incorporated into the review;

(iv) the Group's senior management team measures the risks which have been identified and prioritises them in terms of their impact on the Group;

(v) results of the annual review are documented, and include mitigation strategies where appropriate; and

(vi) the Board and the Audit Committee perform annual review.

During 2022, the Company has appointed Infinity Concept Ripple Limited, an independent consultant, to take up the role of the Group's internal audit function, reviewing the effectiveness of the risk management and internal control systems as well as providing any recommendations for material defects to the Group.

The Group has also adopted a "Insider Information Dissemination" policy as follows:

(i) all Directors and senior management have been advised to follow the policy;

(ii) any potential insider information identified by any business units should be notified to the Company Secretary immediately. Such information should be kept confidential and to allow the Board or senior management for investigation and consultation with legal adviser;

(iii) the Company Secretary will draft the appropriate announcements for the Board approval and arrange for publication to the public as soon as practicable; and

(iv) in case, the issue is complicated and requested more time to handle or has been known to the public, the Company Secretary will apply for a temporary suspension of trading from the Stock Exchange with the reasons on hand before issuing an appropriate and complete announcement.

WHISTLEBLOWING POLICY

On 15 March 2023, the Board has adopted a written whistleblowing policy (the "**Whistleblowing Policy**") with an aim to provide reporting channels and guidance on reporting possible improprieties in matters of financial reporting or other matters, and reassurance to persons reporting his or her concerns under this policy (the "**Whistleblowers**") of the protection that the Group will extend to them against unfair disciplinary action or victimisation for any genuine reports made. In general, the Whistleblowers can make their reports to the Chairman of the Audit Committee in writing by post in a sealed envelope clearly marked "To be opened by the addressee only" at our Hong Kong Office or through email: wb@wgmine.com.

COMPANY SECRETARY

The Company Secretary has attended more than 15 hours of continuing professional development training arranged by several professional bodies during the year ended 31 December 2022.

DIVIDEND POLICY

On 29 March 2019, the Board has adopted a dividend policy (the "**Dividend Policy**") with an aim to provide the Shareholders with stable and sustainable returns.

The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, acquisitions, capital requirements and surplus, general financial conditions, contractual restrictions and other factors which our Directors deem relevant. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

SHAREHOLDERS' RIGHTS

Pursuant to article 58 of the Articles, an extraordinary general meeting shall be convened on the written requisition of any one or more members holding at the date of deposit of the requisition in aggregate one-tenth or more of the voting rights (on a one vote per share basis) in the share capital of the Company. Such members shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions allowing Shareholders to move new resolutions at general meetings under the Cayman Islands Companies Act or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Regarding proposing a person for election as a Director, please refer to the procedures available on the website of the Company.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's principal place of business in Hong Kong at Unit 1, 28/F., Singga Commercial Centre, 144-151 Connaught Road West, Hong Kong.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its Shareholders, and investors. These include the publication of interim and annual reports, notices, announcements and circulars, the Company's website at www. wgmine.com and meetings with investors and analysts. The Group has adopted a written shareholders communication policy on 15 March 2022 with the objective of providing its Shareholders with information about the Company and enabling them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

The Company encourages all Shareholders to attend the annual general meetings to stay informed of the Group's strategy and goals. It provides an opportunity for direct communication between the Board and its Shareholders. The chairman of the meeting explains the detailed procedures for conducting a poll and then answers any questions from the Shareholders. The poll results are published on the websites of the Company and HKEX. News updates of the Group's business are also available on the Company's website. Shareholders and investors are welcomed to give their views and make enquires to the Company's email box, info@wgmine.com.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2022, the Company has made several changes to its memorandum and articles of association, among other things, (i) bring the Articles of Association in alignment with the Core Shareholder Protection Standards set out in Appendix 3 to the Listing Rules and make corresponding changes to the Articles of Association; (ii) provide flexibility to the Company to convene and hold hybrid general meetings and electronic general meetings; (iii) reflect certain updates in relation to the applicable laws of the Cayman Islands and the Listing Rules; and (iv) incorporate certain housekeeping amendments.

The revised memorandum and articles of association has been approved by the Shareholders by way of a special resolution at the annual general meeting held on 2 June 2022. Please refer to the revised memorandum and articles of association available on the websites of the Company and HKEX.

Environmental, Social and Governance Report

We committed to operating safely and responsibly. As mining industry is relatively high-demand in safety, our objective is to create a workplace without fatalities, injuries or occupational diseases. Our priority in our workplace is to protect the health and safety of our staff. Our policies and procedures support our practice and we meet or exceed applicable laws and regulations in PRC and Solomon Islands. The Company has engaged with the Board, management and staff for the purpose of obtaining information on the approach to environmental, social and governance (the "**ESG**") needed pursuant to the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules. As Yifeng Wanguo and GRML are the two operating entities of the Group for the year ended 31 December 2022, our ESG reporting will base on the Xinzhuang Mine and Gold Ridge Mine which is owned by Yifeng Wanguo and GRML respectively.

MATERIALITY

This Report approved by the Board and set out in the Company's annual report. As part of the preparation for compiling this report, we undertake a preliminary review of the material topics that have affected and continue to affect our business, and our actions to address them. This process focuses our reporting on the sustainability topics which we consider of interest to our key stakeholders.

A matter is considered to be material if, in the view of the Board and senior management, it is of such importance that it will, or potentially could, in the short, medium or long term, have a significant influence on, or is of particular attention to, our stakeholders; or significantly affect our ability to meet our goals.

Once identified, each material issue is given a priority level based on the level of concern shown by stakeholders, as well as its actual and/or potential impact on the business. The issues which we identified as being material are in the following four aspects, in no order of priority:

- Safety Production;
- Employment Training and development;
- Employment and Welfare;
- Environmental Protection and energy savings;
- Social and Culture Development.

The Board assumes full responsibility for the Group's ESG strategy and reporting and is responsible for assessing and determining the Group's ESG-related risks and ensuring appropriate and effective ESG risk management and proper implementation of the internal monitoring system.

The Group attaches great importance to the communication with stakeholders, by disseminating the Company's ESG concepts and practices through raises channels, understanding the concerns of stakeholders and taking action to meet their reasonable expectations and demands.

Main Responsibilities of the Board

1. Oversee and execute the Group's ESG strategy.

2. Review and ensure proper disclosure and compliance with the ESG Guide of The Stock Exchange of Hong Kong Limited.

3. Review the annual materiality assessment of ESG risks.

4. Review the internal procedures and system for the maintenance and generation of appropriate and accurate KPI data.

The Group has established an ESG Committee. The ESG Committee comprises one independent non-executive Director, one vice manager or executive Director from each of operating mines and the company secretary, and is responsible for collecting relevant policies and information on its ESG aspects for preparing this report. The ESG Committee will report to the Board at least once a year and is responsible for reviewing, assessing and enhancing the Group's ESG policies, strategies and performance, and ensuring the Group is in full compliance with ESG requirements.

The ESG Committee also examines and evaluates the Group's performances in different areas such as environment, safety production, labor standards, and product responsibilities in the ESG aspects.

Main Responsibilities of the ESG Committee

1. Collect relevant policies and information for preparing this report.

2. Present and regularly report to the Board on ESG performance.

3. Make recommendations to enhance ESG strategies and practices.

SAFETY PRODUCTION

Health and Safety

Occupational health and safety is one of our prime responsibilities, we have implemented and enforced a number of measures to ensure compliance of the regulatory requirements and our production safety and environmental protection. We have set up a department tailor for occupational health and safety, and a safety production management committee for safety activities. We have our owned safety production and operational manual which specify certain procedures such as our safety production procedures in respect of different posts and departments, our accident prevention procedures and accident reporting procedures. Regular safety drills are carried out to ensure the awareness of safety production measures in case of emergency handling. The roles and responsibilities of each of the supervising staff and workers are clearly defined and each supervising staff is accountable for their respective areas of responsibility. Our mine manager supervises the implementation of regular on-site examination and continuously monitors the safety policies. Our safety supervisor inspects the implementation of safety procedures on daily basis.

We have implemented a set of guidelines and rules regarding the handling of such dangerous articles which comply with existing laws in PRC and Solomon Islands, regulations and policies. We have implemented a mandatory safety training programme for all our employees in strict compliance with the requirements under Production Safety Law of the PRC (中華人民共和國安全生產法), Law of the PRC on Safety in Mines (中華人民共和國礦山安全法), Mines and Minerals Act and Laws of Solomon Islands 1996 Edition Chapter 74 Safety at work. All new employees must participate in a three levels safety education programme before they start their work. Employees with specialized technical duties will be required to receive training pursuant to the respective regulations and requirements. We also conduct regular training and rehearsals for outbreaks of emergency incidents to our existing staff to enhance their awareness of safety issues, and improve their knowledge in working safety techniques in order to reduce and eliminate the occurrence of accidents. Staff are also covered with required insurance.

The following table shows the work-related fatalities, number of incidents and lost days due to work injury in the past three years.

Xinzhuang Mine

	2022	2021	2020
Work-related fatalities	**–**	–	–
Number of incidents	**8**	18	15
Lost days due to work injury	**316**	1,108	596

Gold Ridge Mine

	2022	2021	2020
Work-related fatalities		N/A	N/A
Number of incidents	**3**	N/A	N/A
Lost days due to work injury	**17**	N/A	N/A

N/A: Gold Ridge Mine has commenced trial production starting December 2022.

EMPLOYMENT TRAINING AND DEVELOPMENT

One of our prime developments is to provide an opportunity for all staff in learning and developing aspects so as to enhance personal development.

Our Group has arranged experienced staff, managerial staff, or other outsourcing expert, scholar or professional trainer to provide training to our staff.

Both on-the-job training and training programme are offered to the relevant staff. In accordance with the need of our Group, we will irregularly arrange job training to staff who will be assigned or transferred to different posts in Yifeng Wanguo. GRML prepares training program in relation to health and safety behavioral development, work ethics, and personal and professional skills development for its staff.

The Group encourages staff to take courses relevant to job in professional training institutions. Staff who obtains relevant technical titles, qualified certificates, graduate or master degree, can apply for assistance after completion.

New ground staff should attend not less than 36 hours tertiary safety education (三級安全培訓) while new underground staff should attend not less than 72 hours training. All staff should attend a 20 hours training organized by the county safety bureau each year in Yifeng Wanguo. GRML offers an induction training which covers GRML workplace procedures and policies, health and safety and understanding the employment contract for new staff.

GRML also supports the Student Job Training Program in local community. It has employed a few students from Solomon Islands National University, Don Bosco Vocational School and Fiji National University. One student trainee has become a GRML's full time skilled electrician after the Program.

Labour standards

The Group has policies to prevent child or forced labour. It does not allow recruiting staff of age under 18. If we discover any fake or hidden facts or cheats during the recruitment process, the candidate will be removed from our selection. If it is discovered after recruitment process, we will terminate the labour contract. Every candidate should provide personal identification documents, such as identity card, household record copy for verification purpose during recruitment process.

The Group has adopted employment policies on the terms no less exacting than the required Labour Act and Employment Act of the Solomon Islands and Labour Laws of PRC.

For GRML, there are various additional policies in place to safeguard the wellbeing of employees, including for example, Equal Opportunity, Discrimination & Harassment Policy, Food Safety & Health Policy, Personal Protective Equipment Policy, etc.

During the year, the Group has not discovered any non-compliance.

EMPLOYMENT AND WELFARE

Employment

Except for underground mining work, we provide equal opportunities and have no sex nor age discrimination in recruitment of staff. For blasting operation, we only recruit staff with qualified license pursuant to relevant laws and regulations. Staff has to report to us whether there are any relatives in our Group and attend safety education training. In addition, staff has to be checked with police for non-criminal record. For GRML, female workers are restricted and not allowed to work night shift under Solomon Islands legislation.

GRML also imposes a requirement for candidates to produce satisfactory medical and police checks before the effective commencement of the employment. Prior to this, where applicable, copies of academic certificates and relevant licenses are requested from the candidate and referee checks may be conducted.

Compensation and working hours

For Yifeng Wanguo, generally, wages of workers comprise basic salary, performance salary and allowance. Working hours are 8 hours per day and are divided into normal working hours and shifting hours under different duties. Staff has 4 days-off in a month and enjoys public holidays, sick leave, wedding leave, funeral leave as well as maternity leave under local labour laws.

For Solomon Islands, work hours vary between local employees and expatriate employees as well as different natures, but all arrangements are in compliance with the requirements of the respective countries. For the local workforce, normal work hours are from 8am to 5pm, including a lunch break. Depending on the nature of the position, employees may have fixed workdays or work on the basis of rostered shifts. Employees can enjoy 15 to 20 days of annual leave per year depending on their grading. All employees are further entitled to Solomon Islands public holidays, sick leave, compassionate leave, and maternity Leave.

Benefits and welfares

For Yifeng Wanguo, benefits and welfares include subsidy in meal expenses, accommodations, home-fare during Spring Festival, as well as various insurances under laws and regulations. Some staff can also have subsidy in telephone expenses. For home leave, marriage leave, funeral leave as well as participation in social activities, staff can still be paid normally.

For GRML, all employees are provided with a free lunch during the course of the workday. Breakfast and dinner may also be provided, as elected by the employee, at a subsidized cost. Free accommodation is available to employees who elect to live at the mine site, with internet, utilities, etc all provided for by GRML.

As at 31 December 2022, the Group had a total workforce of 774 (2021: 606) which comprised 344 (2021: 346) in Jiangxi Province of the PRC, 2 (2021: 2) in Hong Kong and 428 (2021: 258) in Australia and Soloman Islands. 662 (2021: 500) were male and 112 (2021: 106) were female.

Set out below are distribution of our workforce.

By employment type

	No. of workforce	Turnover rate
Underground technical and supporting mine workers		
– Safety supervision	22	4.5%
– Mining and geological technical staff	58	6.9%
– Mining record and Surveying staff	10	0.0%
– Geological drilling operators	20	25.0%
– Ventilation and hauling facilities and water-pump operators and maintenance staff	68	0.0%
– Backfilling team	22	0.0%
Processing plant workers	256	9.0%
Infrastructure workers	34	0.0%
Laboratory staff	25	0.0%
Mine management and supporting staff	259	2.3%
	774	5.0%

By age group

	No. of workforce	Turnover rate
20 or below	2	0.0%
21-30	132	2.3%
31-40	222	4.1%
41-50	184	7.1%
51 or above	234	6.0%
Total	774	5.0%

ENVIRONMENTAL PROTECTION AND ENERGY SAVINGS

Emissions

Our operations are subject to various laws and regulations in PRC and Solomon Islands with respect to environmental protection and environmental rehabilitation. Other than general laws such as Environmental Protection Laws of PRC（中華人民共和國環境保護法）applicable to all entities in PRC, we are also subject to the Provisions on the Protection of the Geologic Environment of Mines（礦山地質環境保護規定）effective as of 1 May 2009, we complied a plan for the protection and restoration of the mine's geological environment and obtained approval from the Land Resources Bureau for the plan. We paid the guarantee deposit for restoration of the geological environment of mines under the Provisions and provision for restoration cost is recognised annually in accordance with relevant rules and regulations applicable in the PRC at end of reporting period as well. Gold Ridge Mine engaged an independent reputable consulting firm to prepare a mine closure plan and submitted to relevant authorities of Solomon Islands as part of resumption of the production plan.

We formulated our own policy based on Environmental Protection Laws requirements, increasing the investment in environmental protection, strengthening environmental protection management for the purpose of increasing in production volume with low level growth in pollution released.

The Xinzhuang Mine has a valid pollutant discharge permit from the relevant local environmental protection department to undertake mining and processing activities at their respective mining site. Major environmental issues in our underground-type mining industry are management of wastewater and management of tailings. We have adopted various measures within our operations as well as emergency procedures with regard to environmental protection. Gold Ridge Mine has obtained approval in dewatering plan for direct discharge of tailing storage facility water from Environment and Conservation Division in Ministry of Environment, Climate Change, Disaster Management and Meteorology of Solomon Islands.

Wastewater

The site has developed a water-recycling management system. The Xinzhuang Mine obtains top-up water from the underground mine workings. Wastewater produced will be undergone several steps of precipitation and filtration, which is recycled to the concentrator for reuse. Pollutants will be discharged in tailings storage facilities. Gold Ridge Mine also has a water-recycling system, an approximately 70% recycled water is used in production process.

Tailings

Underground waste is either left underground for back filling or used for construction purposes.

Emission statistics during the reporting period is as follows

	Xinzhuang Mine	Gold Ridge Mine
CO_2		
Scope I	972.9 tonnes	3,773.5 tonnes
Scope II	50,845.8 tonnes	7,765.6 tonnes
CO_2 emission per unit of production	0.05 tonnes	N/A tonnes
SO_2	1,757.9 tonnes	1,117.9 tonnes
NO_x	1,030.1 tonnes	1,145.3 tonnes
Dust	7.1 tonnes	6.9 tonnes
Wastewater		
Discharge of Chemical Oxygen Demand ("**COD**")	6.1 tonnes	N/A tonnes
Wastewater recycling rate	94.5%	70%

Use of resources

During the year, the Group consumed approximately total of 3,952,000 tonnes (2021: 3,367,000 tonnes) of water while it consumed approximately 550,000 tonnes (2021: 528,000 tonnes) of new water extracted from underground. The rate of water recycle was approximately 94.53% (2021: 91.4%) in Yifeng Wanguo. The Group set the rate of water recycle as over 85%.

During the year, Gold Ridge Mine consumed approximately 31,700,000 tonnes of water for production while approximately 22,190,000 tonnes from recycled water. The rate of recycle was approximately 70%.

During the year, electricity usage in Xinzhuang Mine for production was totally 50,998,787kwh (2021: 48,030,668kwh), which comprised mining of 18,252,575kwh (2021: 16,964,908kwh), processing of 31,620,460kwh (2021: 31,065,760kwh) and back-filling of 1,125,752kwh (2021: 874,404kwh) while the total ore processed during the year was 1,072,291tonnes (2021: 968,735 tonnes). During the year, electricity usage in GRML for production was 7,024,700kwh for the purpose of construction, installation and trial production.

The total carbon emission for electricity use in Xinzhuang Mine during production in 2022 was approximately 13.9 million kg (2021: 13.1 million kg). The unit of production per electricity usage was 47.6kwh per tonne (2021: 49.6kwh per tonne), which was attribute to upgraded machines in lead-zinc processing plant.

Diesel usage in Xinzhuang Mine was 378,349 lite (2021: 355,833 lite) for 16 vehicles (2021: 15 vehicles). The total carbon emission for diesel usage in Xinzhuang Mine in 2022 was approximately 0.3 million tonnes (2021: 0.2 million tonnes). Diesel usage in GRML was 3,245,600 tonnes, comprised of 1,194,900 tonnes for electricity generation and 2,050,800 tonnes for 77 vehicles. The total carbon emission for diesel usage in GRML during 2022 was approximately 1.0 million tonnes.

The Group set the target of CO_2 emission per production unit at 0.05 kg per tonnes, and is upgrading the energy-saving machines for the purpose of reduction of the use of electricity. In addition, the Group is also considering use of solar power or hydropower for the purpose of reduction of diesel in Gold Ridge operation.

The Environment and Nature Resources

We have adopted various policies on efficient use of resources as well as recycling and re-use of resources. Details are as follows:

Water management: the site has been developed with an emphasis on recycling used process and tailings storage facility drainage water, which is recycled to the concentrator for reuse. A recycling rate of over 75% is obtained. The Xinzhuang Mine obtains top-up water from the underground mine workings, while any surplus waste water from the site (including treated sewage) will be discharged to the nearby Shishui River following treatment in accordance with the regulatory standards in the PRC. Gold Ridge Mine is rich in water resources, with water for production and domestic use obtaining from rainfall and surface drains. A recycling rate of 70% is set for its production.

Solid waste: Open-pit and underground waste are either left underground for back filling or used for construction purposes (as a good quality construction material it is also sold locally).

During the year, approximately 75.8% (2021: 70.1%) of the tailings (coarse fraction) were mixed with cement and sent underground for back filling. The remaining 24.2% (2021: 29.9%) were stored in tailing dam.

Our operations may have the following impacts of activities on the environment and we have taken the corresponding actions to manage them.

Dust and air quality mitigation: water sprays will be used for the crushing and screening plant (with wet scrubbers to also be installed in conjunction with the project expansion). However, the ore and concentrates are either wet or damp, thereby requiring minimal dust mitigation measures. Other mitigation measures include enclosure of any potentially dusty activities, paving of surface roads, revegetation and availability of personal protection devices to workers to provide additional personal protection from dust, as required.

Noise control: methods of noise control include sound insulation by isolating the noisy machines in the specific locations of the plant from the staff operation room, and provision of noise protective articles to staff involved.

Rehabilitation: Yifeng Wanguo prepared a conceptual mine closure plan which comprised part of the site's soil and water conservation plan and it pays periodically guarantee deposits in specific amounts for restoration of the land upon closure of mine in accordance with the requirements of Land Resources Bureau. GRML also engaged an external consultant to prepare a Mine Closure Plan in compliance with its own policies and standards, recongised international guidelines such as the International Council for Mining and Metals sustainable development framework (ICMM), Solomon Islands' regulatory framework, Environment Act and other applicable laws and regulations in Solomon Islands.

Environmental monitoring: a mine site environmental monitoring plan is in place in which analytical results are complied with the regulatory standards in the PRC. The regular company monitoring programme is supplemented by periodic monitoring tests conducted by both the Bureau of Environmental Protection of Jiangxi Province and Bureau of Environmental Protection of Yifeng County respectively. GRML has several internal environmental policies in force and it submits a monthly report which includes environment issue to relevant authorities in Solomon Islands.

Waste water on-line detection system has been installed and monitored the pollution level of waste water automatically.

Oxidised ore heap leach processing: water is recycled and repeatedly washed after the heap leach is completed. Excess water is treated in a harmless manner for the flotation process use. The heap leach tailings are also used to restore plantation after harmless landfilling.

Emergency Procedures: Overtopping of tailings storage facility and dam breaking are two exceptional environmental incidents that may incur in our operation.

The Group has implemented efficient emergency procedures in case of occurrence of the aforesaid events, including rescue responses, reporting procedures, relevant staff arrangement, provision of specific rescue materials, communications and transportation as well as contractual rescue plan with the nearby hospitals.

Climate Change

Climate change constitutes an important part of our sustainability. Climate change risks have formed part of our strategic thinking and investment decisions such as implementation a series of controls to manage the threat of extreme weather, emergency response plans and flood management plans. These controls keep our people safe and help our operations return to normal capacity as quickly as possible.

A changing climate may affect the Group in a variety of ways, both directly and indirectly. Extreme weather events and longer-term shifts in climate patterns have the potential to:

Damage fixed assets and mobile equipment.

- Affect the ongoing performance of facilities that have long life spans, such as tailing dams, water and waste rock storage facilities.
- Lead to changes in output.
- Disrupt supply chains.
- Cause shifting patterns in demand for products.

To effectively respond to the impact of climate change, the Group plans to take the following actions to manage them:

- Perform a diagnostic of climate change's effects on the business to understand which assets to protect from physical climate change and which stand to gain or lose from decarbonization.
- Identify and shift to renewables, which can lower the mine's electricity costs and reduce volatility.
- Introduce "climate intelligence" to decision-making processes, such as capital allocation.

SOCIAL AND CULTURE DEVELOPMENT

Supply chain management

The ore extracted from the Xinzhuang Mine and Gold Ridge Mine is our principal raw material for producing our concentrate products. We do not purchase ores from third parties.

Ore processing at Xinzhuang Mine and Gold Ridge Mine consumes many types of auxiliary materials including forged steel grinding balls, chemical products, explosives, diesel oil and other production related materials. All our explosives, machinery and equipment, spare parts and auxiliary materials are sourced from local third-party suppliers in the PRC, Australia or other locations.

We implemented "Management of suppliers and assessment policy (供應商管理和考核制度)", to manage and assess the qualification, credit rating and quality of suppliers as well as daily maintenance measures. During 2022, there was a total of 55 (2021: 50) qualified major suppliers available for selection in Xinzhuang Mine while there were 128 and 110 qualified international and PRC suppliers respectively available for Gold Ridge Mine.

Product responsibility

We have a quality control policy in place to ensure that the quality of our concentrates meets the standard for acceptance by our customers. Our quality control department is responsible for ensuring our product quality. We closely monitor our various production processes by conducting on-site inspection and taking samples during each shift and examining them at our laboratory. Regular trainings are also provided to our employees to enhance the quality standard.

In 2022, we have not received any material complaints due to quality problems of our products.

Anti-corruption

Our Group has established "Anti-Fraud policy and procedures（反舞弊政策及程序）". Corruption is one of the fraud that will disrupt operation of the Group and violates the laws. In 2022, we have not received any complaints in relation to corruption.

Senior management is led by example, who complies with the policies and regulations issued by the Group.

Every employee obtains a staff handbook which includes corporate policies and regulations. In addition, the Group arranges training in respect of ethics and anti-fraud to staff, for the purpose of handling conflict or temptation of interest.

For any corruption, fraud or other unethical activities discovered, staff can report to the management by real or anonymous name by email. During the year, directors and staff have received the materials and watched videos provided by Independent Commission Against Corruption of Hong Kong as anti-corruption training.

COMMUNITY INVESTMENT

The Group encourages recreational and sport activities held by staff and takes care of the need of staff, exploring the staff talent, participating voluntary activities in the community and donations.

In addition, the Group makes donations to community irregularly, and contributes and participates in community. During the year, the Group donated approximately RMB1.7 million for local charitable activities, such as sponsoring celebration of International Children's Day, consolation for the Elderly on Chung Yeung Festival and construction and maintenance of public utilities etc in Yifeng local community.

A total of five wells have been drilled in 2022 as sources of water supply for local community in Solomon Islands. GRML regularly updates landowners on project developments, advancing the review of landowner agreements and the delivery of community assistance programs. A Christmas party was held to promote communication between local and expatriate staff. A total of approximately RMB0.8 million was paid for aforesaid events as well as donations to local community.

Directors' Report

The Directors are pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in the business of mining, ore processing and sale of the concentrates products in the PRC. A review of the business of the Company and a discussion and analysis of the Group's performance during the year ended 31 December 2022 and the material factors underlying its results and financial position are provided in the sections of "Chairman's Statement" and "Management Discussion and Analysis" respectively from pages 2 to 3 and pages 4 to 23 of this annual report. The outlook of the Company's business is discussed throughout this annual report.

An indication of likely future development in the Group's business is set out and included in the section headed "Business Review" from pages 6 to 7 and "Prospect" of "Management Discussion and Analysis", on page 23.

The Group's environmental policies and performance are set out and included in the "Environmental, Social and Governance Report" from pages 40 to 49 of this annual report and the "Environmental and Social Matters" set out in the paragraph 37 below. Compliance with relevant laws and regulations which have a significant impact on the Company is set out and included in the section headed "Compliance with the Relevant Laws and Regulations" of "Management Discussion and Analysis" on page 23 of this annual report.

An account of the Company's relationships with its key stakeholders (including substantial shareholders, employees, suppliers and customers) is included in the "Investor relations and communication with Shareholders" set out in the "Corporate Governance Report", "Substantial Shareholders' and other parties' Interest in Securities" and "Emolument Policy" set out in paragraphs 24 and 19 respectively below as well as the sections headed "Employment Training and Development", "Employment and Welfare" and "Social and Culture Development" in the "Environmental, Social and Governance Report", on pages 42 to 43, pages 43 to 44 and pages 48 to 49 respectively of this annual report.

2. PRINCIPAL RISKS AND UNCERTAINTIES

(i) Our mining operations are concentrated at one mining site

Our operations are exposed to uncertainties in relation to the Xinzhuang Mine, which is currently our only operating mine. All of our current operating cash flows and revenue are derived from the sales of concentrates produced from this single mine. Any significant operational or other difficulties in the mining, processing, storing and transporting of our products at or from the Xinzhuang Mine could reduce, disrupt or halt our production, which would materially and adversely affect our business, results of operation and financial condition.

In order to diversify the above risk, the Group has actively conducted any possibilities in acquisition. The Group has completed the acquisition of Walege Mine in Tibet and Gold Ridge Mine in Solomon Islands in 2017 and 2020 respectively. The Group expected to resume production of Gold Ridge Mine in 2023.

2. PRINCIPAL RISKS AND UNCERTAINTIES *(Continued)*

(ii) Accuracy of the mineral resources and reserves estimates of the Xinzhuang Mine is based on a number of assumptions and we may produce less mineral concentrates than our estimates

The mineral resources and reserves estimates of the Xinzhuang Mine are based on a number of assumptions that have been made by an independent technical expert in accordance with the JORC code. Resources and reserves estimates involve expressions of judgement based on various factors such as knowledge, experience and industry practice, number of drilling and sampling of the ore body and analysis of the ore samples etc.

The Group has already completed additional exploration in outside the planned mining area in the Xinzhuang Mine within the boundary covered by the current mining license and a mineral resources verification report has been finished in April 2014 and obtained registration in December 2014 for the purpose of the application of increasing the mining capacity set forth in its mining license. Additional reserves discovered during the aforesaid exploration allows us to upgrade the mining capacity.

(iii) Risks of safety production

Although the Group maintains a high standard in safety production, the non-ferrous metal mining is still a hazardous industry and faces uncertainties caused by production environment, natural disaster and so on. Safety production is the top priority of the Group to achieve sustainable and stable development.

We have implemented and enforced a number of measures to ensure compliance of the regulatory requirements and our production safety and environmental protection. Please refer to the section headed "Health and Safety" of the "Environmental, Social and Governance Report" for details.

(iv) Fluctuations in the commodity markets

Our profit is mainly generated from sales of concentrates we produce. The price we obtain for our concentrates is determined by the amount of copper, iron, zinc and other metals contained in the concentrates and the market prices for these metals. The market price of these metals has fluctuated widely and has experienced periods of significant decline. We have limited ability to anticipate and manage commodity price fluctuations.

The Group has considered the use of hedging products available in the market to reduce the effect of such fluctuations. In addition, expansion of lead-silver mine in the Walege Mine and gold mine in Solomon Islands will further increase our product mix and thus strengthen the Group's capacity to fight against market fluctuations.

3. RESULTS AND FINANCIAL POSITION

The Group's results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 66.

The state of affairs of the Group and of the Company at 31 December 2022 are set out in the consolidated statement of financial position on pages 67 to 68 and statement of financial position of the Company on page 125 respectively.

4. SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 33 to the consolidated financial statements.

5. SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 42 to the consolidated financial statements.

6. SUMMARY OF FINANCIAL INFORMATION

A summary of financial results and of the assets and liabilities of the Group for the last five financial years are set out in the section headed "Summary of Financial Information" on page 139 in this report.

7. RESERVES

The movements in the reserves of the Group during the year are set out in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity. The movements in the reserves of the Company during the year are set out in Note 34 to the consolidated financial statements.

8. DISTRIBUTABLE RESERVES

At 31 December 2022, the Company's reserves available for distribution to owners of the Company comprising share premium account less accumulated losses, and amounted to approximately RMB243.7 million (2021: RMB323.5 million).

9. FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB10.00 cents (equivalent to approximately HK$11.19 cents) per Share for the year ended 31 December 2022 (2021: RM10.10 cents), representing approximately 43.1% (2021: 53.6%) of the profit and total comprehensive income attributable to owners of the Company, payable to the Shareholders whose names appear on the register of members of the Company on Monday, 12 June 2023. Based on the number of issued Shares as at the date of this annual report, this represents a total distribution of approximately RMB82.8 million (2021: 83.6 million). Subject to the approval of the payment of the final dividend by the Shareholders at the annual general meeting to be held on Friday, 2 June 2023, it is expected that the proposed final dividend will be paid on or before Thursday, 31 August 2023.

10. PROPERTY, PLANT, AND EQUIPMENT

Additions to the property, plant and equipment of the Group was approximately RMB173.3 million for the year ended 31 December 2022. Details of the movements during the year in the Group's property, plant and equipment are set out in Note 15 to the consolidated financial statements in this annual report.

11. DONATIONS

Donations made by the Group during the year amounted to approximately RMB1,664,000 (2021: RMB1,340,000).

12. MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers in aggregate accounted for approximately 68.3% (2021: 73.1%) of the total sales for the year and sales to the largest customer accounted for approximately 29.0% (2021: 40.4%) of total sales.

Purchases from the Group's five largest suppliers in aggregate accounted for approximately 61.3% (2021: 94.2%) of the total purchases for the year and purchases from the largest supplier accounted for approximately 17.6% (2021: 70.2%) of total purchases.

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had directly, or indirectly had any interest in the Group's five largest customers and suppliers during the year.

13. MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individuals, firms or corporate entities to manage or regulate the whole or any substantial part of any business of the Company.

14. DIRECTORS

The Directors during the year and up to the date of this annual report were as follows:

Executive Directors:
Mr. Gao Mingqing *(Chairman and Chief Executive Officer)*
Mr. Liu Zhichun
Mr. Wang Renxiang
Ms. Wang Nan

Independent non-executive Directors:
Dr. Lu Jian Zhong (retired on 2 June 2022)
Mr. Qi Yang (retired on 2 June 2022)
Mr. Shen Peng (retired on 2 June 2022)
Mr. Tsang Wai Hung (appointed on 2 June 2022)
Mr. Wong Chi Ming Ming (appointed on 2 June 2022)
Mr. Wang Xin

In accordance with article 87 of the Articles, all Directors are subject to retirement by rotation at least once every three years. Mr. Liu Zhichun, Mr. Wang Renxiang and Mr. Wang Xin will retire by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election.

15. BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical information of the current Directors and senior management of the Group are set out on pages 24 to 26 of this annual report.

16. DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes of Director's information have been properly disclosed in "Biographical information of the Directors and senior management" which set out on pages 24 to 26 of this annual report pursuant to the Rule 13.51B(1) of the Listing Rules.

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

17. DIRECTORS' SERVICE AGREEMENTS AND LETTER OF APPOINTMENT

Each of the Directors has entered into a service agreement or letter of appointment with the Company for a term of three years which is renewable for subsequent periods of three years, unless terminated by at least one month's written notice served by either party at any time during the then existing term.

None of the Directors, including those proposed for re-election at the forthcoming AGM, has a service agreement which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

18. PERMITTED INDEMNITY PROVISION

The Company has arranged for an appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance when this Directors' Report is approved in accordance with section 391(1)(a) of the Companies Ordinance.

19. EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of their experience, qualifications and competence.

The emoluments of the Directors are reviewed by the Remuneration Committee and approved by the Board, having regard to the relevant Director's experience, responsibility, workload and the time devoted to the Group; the Company's operating results and comparable market statistics.

The Company has adopted a share option scheme (the "**Scheme**") on 12 June 2012. During the year ended 31 December 2022, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Scheme. The Scheme has expired on 10 July 2022.

20. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals in the Group are set out in Note 11 and 12 to the consolidated financial statements.

21. INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has presented an annual confirmation letter to confirm his independence pursuant to Rule 3.13 of the Listing Rules. The Company has reviewed the independence of each of the independent non-executive Directors and considers all the independent non-executive Directors to be independent in accordance.

22. CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out on the Model Code. The Company, having made specific enquiries to all Directors, has confirmed that all the Directors have complied with the Model Code and the required standards of dealings as set out in the code of conduct for the year ended 31 December 2022 and up to the date of this annual report.

The Company has also established the Employees Written Guidelines for securities transactions by relevant employees who are likely to possess inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company for the year ended 31 December 2022.

23. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2022, the interests or short positions of our Directors and chief executives in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO as notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded, pursuant to section 352 of the SFO, in the register referred to therein or which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

(a) Long positions in Shares

Name of Directors	Capacity/nature of interest	Number of issued Shares held	Approximate percentage of shareholding in the Company
Mr. Gao Mingqing	Interest in controlled corporation	281,400,000[1]	33.99%

Notes:

1. The 281,400,000 Shares were owned by Victor Soar Investments Limited which is wholly owned and controlled by Mr. Gao Mingqing.

Save as disclosed above, as at 31 December 2022, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong 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) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

24. SUBSTANTIAL SHAREHOLDERS' AND OTHER PARTIES' INTERESTS IN SECURITIES

As at 31 December 2022, the following persons, other than the Directors and chief executives of the Company, had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

Long positions in Shares

Name of shareholders	Capacity/nature of interest	Number of issued Shares held	Approximate percentage of shareholding in the Company
Victor Soar Investments Limited[1]	Beneficial owner	281,400,000[1]	33.99%
Ms. Lin Yinyin[2]	Interest of spouse	281,400,000[2]	33.99%
Achieve Ample Investments Limited[3]	Beneficial owner	138,600,000[3]	16.74%
Ms. Gao Jinzhu[3]	Interest in controlled corporation	138,600,000[3]	16.74%
Mr. Wang Weimian[4]	Interest of spouse	138,600,000[4]	16.74%
Shandong Humon Mining Development Limited[5]	Beneficial owner	172,814,000	20.87%
Shandong Humon Smelting Co., Ltd[5]	Interest in controlled corporation	172,814,000	20.87%
Jiangxi Copper Company Limited[5]	Interest in controlled corporation	172,814,000	20.87%
Jiangxi Copper Corporation Limited[5]	Interest in controlled corporation	172,814,000	20.87%
Haitong International Financial Solutions Limited[6]	Security interest	447,920,000[6]	54.10%
Haitong International Securities Group Limited[6]	Interest in controlled corporation	447,920,000[6]	54.10%
Haitong International Holdings Limited[6]	Interest in controlled corporation	447,920,000[6]	54.10%
Haitong Securities Co., Ltd.[6]	Interest in controlled corporation	447,920,000[6]	54.10%

Notes:

1. Victor Soar Investments Limited is wholly owned and controlled by Mr. Gao Mingqing.

2. Ms. Lin Yinyin is the wife of Mr. Gao Mingqing and is deemed to be interested in the 281,400,000 Shares held by Victor Soar Investments Limited, a company controlled by Mr. Gao Mingqing.

3. Achieve Ample Investments Limited is wholly owned and controlled by Ms. Gao Jinzhu.

4. Mr. Wang Weimian is the husband of Ms. Gao Jinzhu and is deemed to be interested in the 138,600,000 Shares held by Achieve Ample Investments Limited, a company controlled by Ms. Gao Jinzhu.

24. SUBSTANTIAL SHAREHOLDERS' AND OTHER PARTIES' INTERESTS IN SECURITIES *(Continued)*

Long positions in Shares *(Continued)*

Notes: *(Continued)*

5. Shandong Humon Mining Development Limited is a wholly-owned subsidiary of Hong Kong Humon International Logistics Limited (香港恒邦國際物流有限公司), which in turn is wholly-owned by Shandong Humon Smelting Co., Ltd., a company listed on Shenzhen Stock Exchange with stock code: 002237.

   Shandong Humon Smelting Co., Ltd is owned as to 44.48% by Jiangxi Copper Company Limited, a company listed on both Shanghai Stock Exchange and Hong Kong Stock Exchange with stock code: 600362 and 358 respectively, which in turn is owned as to 43.72% by Jiangxi Copper Corporation Limited.

6. Haitong International Financial Solutions Limited is indirectly owned by Haitong International Securities Group Limited which in turn is owned as to 64.40% by Haitong International Holdings Limited and is ultimately owned Haitong Securities Co., Ltd.

Other than as disclosed above, as at 31 December 2022, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

25. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in paragraph 27 below, no Director nor any connected entity of the Director had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which a controlling shareholder of the Company, the Company or any of its subsidiaries of fellow subsidiaries was a party at the end of the year or at any time during the year ended 31 December 2022.

26. CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a controlling shareholder of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year 2022 or at any time during the financial year 2022.

27. CONNECTED TRANSACTION

Except for those disclosed in note 28 to the consolidated financial statements, no contract of significance to which the Company, or any of its subsidiaries, and a controlling shareholder or any subsidiaries was a party at the end of the year or at any time during the year ended 31 December 2022.

28. DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY

Save as disclosed in paragraph 23 above, at no time during the year ended 31 December 2022 was the Company, or its subsidiaries, or its fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

29. SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge information and belief of the Directors, the Directors confirm that the Company has maintained a sufficient public float under the Listing Rules throughout the year ended 31 December 2022.

30. COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholders and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group for the year ended 31 December 2022.

As disclosed in the Prospectus, each of our controlling shareholders has entered into the deed of non-competition in favour of our Company to the effect that each of them will not, and will procure each of their respective associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

The independent non-executive Directors have reviewed the status of compliance and are of the view that each of the controlling shareholders of the Company has complied with its undertaking under the deed of non-competition for the year ended 31 December 2022.

31. RELATED PARTY TRANSACTIONS

During the year, except for those disclosed in note 38 to the consolidated financial statements, the Group had no transactions with its related parties. None of the related party transactions as disclosed in note 38 to the consolidated financial statements constituted connected transactions under the Listing Rules.

32. PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

33. BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2022 are set out in note 30 to the consolidated financial statements.

34. RETIREMENT BENEFIT SCHEMES

Particulars of the retirement benefit schemes of the Group are set out in note 37 to the consolidated financial statements.

35. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

36. CORPORATE GOVERNANCE

A report on the corporate governance practice adopted by the Group is set out on pages 27 to 39 of this annual report.

37. ENVIRONMENTAL AND SOCIAL MATTERS

As a mining industry is relatively high-demand in safe, our objective is to create a workplace without fatalities, injuries or occupational diseases. Our policies and procedures support our practice and we meet or exceed applicable laws and regulations in PRC such as Environmental Protection Laws of PRC (中華人民共和國環境保護法) and Provisions on the Protection of the Geologic Environment of Mines (礦山地質環境保護規定), Production Safety Law of the PRC (中華人民共和國安全生產法), Law of the PRC on Safety in Mines (中華人民共和國礦山安全法), Mines and Minerals Act, and Laws of Solomon Islands 1996 Edition Chapter 74 Safety at work etc. We have implemented and enforced a number of measures to ensure compliance of the regulatory requirements and our production safety and environmental protection. During the year ended 31 December 2022, there were no work-related fatalities. Lost days due to work injury were 333 days.

37. ENVIRONMENTAL AND SOCIAL MATTERS *(Continued)*

We also implemented policies or procedures for our key stakeholders, such as employees, customers and suppliers. Details are as following: Regular and irregular trainings are provided to every staff in different levels for their personal development as well as health and safety awareness. We implemented policy to manage, assess and maintain the relationship with key our auxiliary materials suppliers to avoid any interruption during our production process. We have a quality control policy in place to ensure that the quality of our concentrates meets the standard for acceptance by our customers. We did not receive any material complaints due to quality problems of our products during the year.

For detailed information, please refer to the Environmental, Social and Governance Report set out from pages 40 to 49 of this annual report.

38. AUDITOR

Following the resignation of Crowe (HK) CPA Limited ("**Crowe**") as the auditor of the Company on 8 November 2022, KTC Partners CPA Limited ("**KTC**") was appointed as the auditor of the Company on the same day to fill the vacancy. Crowe was appointed as the auditor of the Company on 25 November 2019 as the replacement for the resignation of Deloitte Touche Tohmatsu. Save as disclosed above, there were no other changes in the past three years.

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by KTC. KTC will retire and, being eligible, offer themselves for reappointment at the forthcoming AGM. A resolution to re-appoint KTC as the auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Gao Mingqing
Chairman
Hong Kong, 15 March 2023

Independent Auditor's Report

KTC Partners CPA Limited
Certified Public Accountants (Practising)
和信會計師事務所有限公司

TO THE SHAREHOLDERS OF WANGUO INTERNATIONAL MINING GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wanguo International Mining Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 66 to 138, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1 to the consolidated financial statements, which indicates that as at 31 December 2022 the Group's current liabilities exceeded its current assets by approximately RMB64,546,000. This condition indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. The matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters below to be the key audit matters to be communicated in our report:

KEY AUDIT MATTERS *(Continued)*

Key audit matter

Impairment assessment of mining assets of the Yifeng Projects

Refer to note 17 to the consolidated financial statements

We identified the impairment assessment of the mining assets comprising principally property, plant and equipment, mining right, right-of-use assets and intangible assets in relation to the mining projects in Yifeng, Jiangxi Province, the People's Republic of China (the "**PRC**") ("**Yifeng Projects**"), as a key audit matter due to the significant degree of judgement and high estimation uncertainty involved in determining the key inputs and assumptions, described below, required for the value-in-use valuation model.

As set out in note 4 to the consolidated financial statements, the aggregate carrying value of the mining assets of the Yifeng Projects was approximately RMB518,842,000 as at 31 December 2022. Management's assessment of the recoverable amount of these assets as a single cash generating unit based on its value-in-use requires determination of inputs of key parameters including the forecasted selling prices of metallic concentrates, future revenue which are dependent on future metal prices, growth rate and discount rate of Yifeng Projects in its value in use calculation using the discounted cash flow model. Based on management's assessment, there is no impairment of the relevant mining assets for the year ended 31 December 2022.

How our audit addressed the key audit matter

Our procedures in relation to impairment assessment of the mining assets of the Yifeng Projects included:

- Evaluating the reasonableness of the management's estimates of future revenue and costs expected to arise from the Yifeng Projects with reference to the historical performance, estimated future metal prices, latest budgets of the Group approved by the management and our understanding of the economic outlook of the mining industry.
- Evaluating if management's estimates of future production volume are consistent with the reserve reports of external specialists.
- Evaluating the reasonableness of the discount rate applied in the impairment assessment model with reference to the market data derived externally, including the current market risk-free rate of interest and the entity-specific risk factor.
- Evaluating the accuracy of management's projection of future cash flow underlying the impairment assessment by comparing the historical estimate to the actual performance during the year.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of exploration and evaluation assets and other intangible asset of Xizang Changdu *Refer to notes 18 and 19 to the consolidated financial statements*	
We identified the impairment assessment of the exploration and evaluation assets and other intangible asset in relation to the lead mine in Walege of the Changdu County, Tibet Autonomous Region, the PRC, owned by the subsidiary, Xizang Changdu County Dadi Mining Company Limited ("**Xizang Changdu**"), as a key audit matter due to the significant degrees of judgement involved in determining future revenue which is dependent on future metal prices and production plan and a discount rate applied in the impairment assessment model. As set out in note 4 to the consolidated financial statements, the aggregate carrying value of the exploration and evaluation assets and other intangible asset of the Xizang Changdu were approximately RMB191,146,000 and RMB312,165,000 respectively as at 31 December 2022. Management's assessment of the recoverable amount of these assets as a single cash generating unit ("**CGU**") also involved the appointment of an independent valuer to estimate the recoverable amounts of the CGU, which requires input of key parameters including the forecasted selling prices of metallic concentrates, growth rate and discount rate of Xizang Changdu in its fair value less cost of disposal using the discounted cash flow model. Based on management's assessment, no impairment loss has been recognised in profit or loss during the year ended 31 December 2022.	Our procedures in relation to impairment assessment of the exploration and evaluation assets and other intangible asset included: • Evaluating the independent valuer's competence, capabilities and objectivity. • Evaluating the reasonableness of the management's estimates of future revenue and costs is expected to arise from the Xizang Changdu with reference to feasibility studies performed by external specialists, estimated future metal prices, latest budgets of the Group approved by the management and our understanding of the economic outlook of the mining industry. • Evaluating if management's estimate of future production volume is consistent with the reserve reports of external specialists. • Evaluating the reasonableness of the discount rate applied in the impairment assessment model with reference to the market data derived externally, including the current market risk-free rate of interest and the entity-specific risk factor. • Engaging an independent external expert to assist us in assessing the valuer's work.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of mining rights and property, plant and equipment of Gold Ridge Project *Refer to note 17 to the consolidated financial statements* We identified the impairment assessment of the mining rights, evaluation and exploration assets and property, plant and equipment in relation to the mining projects in relation to a gold resource project located at Guadalcanal Province of the Solomon Islands ("**Gold Ridge Project**"), owned by the subsidiary, Gold Ridge Mining Limited, as a key audit matter due to the significant degree of judgement and high estimation uncertainty involved in determining the key inputs and assumptions, described below, required for the impairment assessment model. As set out in note 4 to the consolidated financial statements, the carrying value of the mining rights, evaluation and exploration assets and property, plant and equipment of the Gold Ridge Project was approximately RMB263,787,000, RMB10,325,000 and RMB266,474,000 respectively as at 31 December 2022. Management's assessment of the recoverable amount of these assets as a single CGU also involved the appointment of an independent valuer to estimate the recoverable amounts of the CGU, which requires input of key parameters including the forecasted gold prices, forecasted mining costs, growth rate and discount rate of the Gold Ridge Project in the estimation of the value in use of the CGU using the discounted cash flow model. Based on management's assessment, there is no impairment of the mining rights and property, plant and equipment for the year ended 31 December 2022.	Our procedures in relation to impairment assessment of the mining rights included: • Evaluating the independent valuer's competence, capabilities and objectivity. • Evaluating the reasonableness of the management's estimate of future revenue and cost expected to arise from the Gold Ridge Project with reference to feasibility studies performed by external specialists, estimated future gold prices, latest budgets of the Group approved by the management and our understanding of the economic outlook of the mining industry. • Evaluating if management's estimate of future production volume is consistent with the reserve reports of external specialists. • Evaluating the reasonableness of the discount rate applied in the impairment assessment model with reference to the market data derived externally, including the current market risk-free rate of interest and the entity-specific risk factor. • Engaging an independent external expert to assist us in assessing the valuer's work.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Board of Directors of the Company is charged with governance and is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KTC Partners CPA Limited
Certified Public Accountants (Practising)
Hong Kong, 15 March 2023

Chow Yiu Wah Joseph
Audit Engagement Director
Practising Certificate Number: P04686

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	5	**681,418**	2,014,395
Cost of sales		**(365,734)**	(1,698,188)
Gross profit		**315,684**	316,207
Other income	6	**3,254**	2,803
Other gains and losses	7	**(2,567)**	1,162
Distribution and selling expenses		**(6,019)**	(4,696)
Administrative expenses		**(86,641)**	(75,485)
Finance costs	8	**(14,489)**	(7,606)
Impairment loss on exploration and evaluation assets	18	**–**	(4,317)
Impairment loss on other intangible asset	19	**–**	(7,123)
Profit before tax		**209,222**	220,945
Income tax expense	9	**(39,504)**	(39,305)
Profit for the year	10	**169,718**	181,640
Other comprehensive income for the year			
– Exchange differences arising on translation of foreign operations, which may be reclassified subsequently to profit or loss		**11,177**	(37,459)
Total comprehensive income for the year		**180,895**	144,181
Profit for the year attributable to:			
Owners of the Company		**180,540**	193,432
Non-controlling interests		**(10,822)**	(11,792)
		169,718	181,640
Total comprehensive income attributable to:			
Owners of the Company		**192,146**	155,973
Non-controlling interests		**(11,251)**	(11,792)
		180,895	144,181
Earnings per share			
Basic (RMB cents)	13	**21.8**	23.9

Consolidated Statement of Financial Position

At 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**727,004**	632,384
Right-of-use assets	16	**54,817**	56,164
Mining rights	17	**274,278**	271,974
Exploration and evaluation assets	18	**201,471**	189,227
Other intangible asset	19	**312,165**	312,165
Intangible assets	20	**3,723**	3,935
Deposit for purchase of property, plant and equipment		**34,872**	31,638
Deferred tax assets	21	**3,930**	3,890
Restricted bank balances	22	**3,227**	2,670
		1,615,487	1,504,047
CURRENT ASSETS			
Inventories	23	**157,821**	18,649
Trade and other receivables	24	**196,460**	159,770
Bank balances and cash	22		
– cash and cash equivalents		**67,941**	116,294
– restricted bank balances		**254**	–
		422,476	294,713
CURRENT LIABILITIES			
Trade and other payables	25	**138,475**	119,564
Contract liabilities	26	**67,651**	25,572
Lease liabilities	27	**215**	278
Amounts due to related parties	28	**3,894**	5,861
Consideration payable to a former non-controlling shareholder of a subsidiary	29	**57,936**	57,936
Tax payable		**29,407**	32,270
Bank borrowings	30	**189,444**	89,479
		487,022	330,960
NET CURRENT LIABILITIES		**(64,546)**	(36,247)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,550,941**	1,467,800

Consolidated Statement of Financial Position

At 31 December 2022

	Notes	**2022** **RMB'000**	2021 RMB'000
NON-CURRENT LIABILITIES			
Bank borrowings	30	–	38,500
Lease liabilities	27	–	196
Deferred income	31	**6,331**	7,492
Deferred tax liabilities	21	**86,866**	86,911
Provisions for restoration costs	32	**8,145**	7,290
		101,342	140,389
CAPITAL AND RESERVES			
Share capital	33	**67,881**	67,881
Reserves		**1,080,584**	972,066
Equity attributable to owners of the Company		**1,148,465**	1,039,947
Non-controlling interests		**301,134**	287,464
TOTAL EQUITY		**1,449,599**	1,327,411
		1,550,941	1,467,800

The consolidated financial statements on pages 66 to 138 were approved and authorised for issue by the board of directors on 15 March 2023 and are signed on its behalf by:

Gao Mingqing
Director

Wang Nan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000 (note a)	Statutory and surplus reserves RMB'000 (note b)	Translation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021	58,882	193,956	71,005	152,844	6,901	229,001	712,589	286,795	999,384
Profit (loss) for the year	–	–	–	–	–	193,432	193,432	(11,792)	181,640
Other comprehensive expense for the year	–	–	–	–	(37,459)	–	(37,459)	–	(37,459)
Total comprehensive income for the year	–	–	–	–	(37,459)	193,432	155,973	(11,792)	144,181
Issue of new shares (note 33)	8,999	187,086	–	–	–	–	196,085	–	196,085
Deemed contribution from a non-controlling shareholder	–	–	–	–	–	–	–	12,461	12,461
Dividend recognised as distribution (note 14)	–	(24,700)	–	–	–	–	(24,700)	–	(24,700)
At 31 December 2021	67,881	356,342	71,005	152,844	(30,558)	422,433	1,039,947	287,464	1,327,411
Profit (loss) for the year	–	–	–	–	–	180,540	180,540	(10,822)	169,718
Other comprehensive income for the year	–	–	–	–	11,606	–	11,606	(429)	11,177
Total comprehensive income for the year	–	–	–	–	11,606	180,540	192,146	(11,251)	180,895
Deemed contribution from a non-controlling shareholder (note 24(c))	–	–	–	–	–	–	–	24,921	24,921
Dividend recognised as distribution (note 14)	–	(83,628)	–	–	–	–	(83,628)	–	(83,628)
At 31 December 2022	67,881	272,714	71,005	152,844	(18,952)	602,973	1,148,465	301,134	1,449,599

Notes:

(a) The capital reserve mainly represents contributions from an equity participant in 2011, which is an amount originally due to an equity participation being released and accounted for as a shareholder's contribution, in accordance with a deed of assignment signed in December 2011.

(b) The statutory reserve represents the appropriation of 10% of profit after taxation determined based on the relevant accounting rules and regulations of the People's Republic of China (the "**PRC**") in accordance with the relevant PRC laws until the PRC statutory reserve reaches 50% of the registered capital of the relevant subsidiaries. The statutory reserve can be applied either to set off accumulated losses or to increase capital.

The surplus reserve represents further appropriation out of the retained profits of the subsidiaries established in the PRC for any amount approved by its board of directors after the appropriation to the statutory reserve.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**209,222**	220,945
Adjustments for:		
Depreciation of property, plant and equipment	**45,100**	38,440
Depreciation of right-of-use assets	**1,682**	1,655
Amortisation of mining right	**2,848**	1,066
Provision for restoration cost	**855**	798
Finance costs	**14,489**	7,606
Interest income	**(567)**	(853)
Amortisation of intangible assets	**212**	213
Loss/(gain) on disposal of property, plant and equipment	**242**	(115)
Release of deferred income	**(1,161)**	(1,160)
Impairment loss on evaluation and exploration assets	**–**	4,317
Impairment loss on other intangible assets	**–**	7,123
Exchange loss/(gain)	**2,325**	(1,075)
Operating cash flows before movements in working capital	**275,247**	278,960
Increase in inventories	**(110,242)**	(9,228)
Increase in trade and other receivables	**(10,451)**	(109,245)
Increase in trade and other payables	**12,788**	24,986
Increase/(decrease) in contract liabilities	**42,080**	(24,249)
Cash generated from operations	**209,422**	161,224
Income taxes paid	**(42,452)**	(15,300)
NET CASH FROM OPERATING ACTIVITIES	**166,970**	145,924
INVESTING ACTIVITIES		
Payments of capital expenditure for property, plant and equipment	**(170,446)**	(229,215)
Payment for evaluation and exploration assets	**(12,128)**	(2,720)
Proceeds from disposal of property, plant and equipment	**773**	171
Payment for right-of-use assets	**(305)**	–
Interest received	**567**	853
(Placement)/release of restricted bank balances	**(811)**	3,992
NET CASH USED IN INVESTING ACTIVITIES	**(182,350)**	(226,919)

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
FINANCING ACTIVITIES		
Repayment of borrowings	**(87,283)**	(75,637)
Dividend paid	**(83,628)**	(24,700)
Interest paid	**(9,208)**	(7,589)
Repayment of lease liabilities	**(323)**	(313)
Repayment to related parties	**(2,325)**	(34,626)
Advance from related parties	**–**	11,486
Proceeds from borrowings	**148,500**	96,000
Proceed from issuance of new shares	**–**	196,164
Share issuance costs related to issue of Shares	**–**	(79)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(34,267)**	160,706
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(49,647)**	79,711
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**116,294**	36,662
Effect of foreign exchange rate changes	**1,294**	(79)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**67,941**	116,294

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The principal activity of the Company is investment holding. The principal subsidiaries of the Company are (i) Jiangxi Province Yifeng Wanguo Mining Company Ltd ("**Yifeng Wanguo**"), located in Jiangxi Province, the PRC, is engaged in mining and processing of ores and sales of processed concentrates in the PRC and (ii) Gold Ridge Mining Limited ("**GRML**"), located in the Solomon Islands, is engaged in exploration of mineral resources in the Solomon Islands. Details of the Company's subsidiaries are set out in note 42.

As at 31 December 2022, Victor Soar Investments Limited, a company incorporated in the British Virgin Islands, wholly owned and controlled by Mr. Gao Mingqing who is the chairman and executive director of the Company, held approximately 33.99% of the issued shares of the Company, being the single largest shareholder and controlling shareholder of the Company.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries operating in the PRC.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Company and its subsidiaries (the "**Group**") in light of the fact that as at 31 December 2022, the Group's current liabilities exceeded its current assets by approximately RMB64,546,000.

This event indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have performed an assessment of the Group's future liquidity and cash flows, taking into account the following relevant matters:

(i) Mr. Gao Mingqing, substantial shareholder and executive director of the Company, had committed to further support the Group financially to enable it to meet its financial obligations as they fall due for the foreseeable future.

(ii) In respect of bank borrowings of approximately RMB189,444,000 which are due in 2023 or contain a repayment on demand clause, the directors are confident that the Group will be able to extend approximately RMB187,000,000 of the bank borrowings in full upon their maturity, and the banks will not demand for early repayment with regard to the remaining RMB2,444,000 of bank borrowings containing a repayment on demand clause, based on the past history of renewals and good relationship of the Group with the banks.

(iii) Amounts due to related parties of approximately RMB3,894,000 as at 31 December 2022 are repayable on demand. Since the related parties are substantial shareholders of the Company or controlled by the substantial shareholders of the Company, the directors of the Company are confident that the related parties will not demand for repayment until the Group has improved its liquidity position.

The directors of the Company consider that after taking into account the abovementioned financing events and plans and financial support of the substantial shareholders, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "**Conceptual Framework**") instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC) – Int 21 Levies, an acquirer applies HKAS 37 or HK(IFRIC) – Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

2.2 Impacts on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 Inventories.

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment made available for use on or after the beginning of 1 January 2021.

The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

2.3 Impacts on application of Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The Group has applied the amendments for the first time in the current year. The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37, the unavoidable costs under a contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

In accordance with the transitional provisions, the amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application, 1 January 2022.

The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

2.4 Impacts on application of Amendments to HKFRSs Annual Improvements to HKFRSs 2018-2020

The Group has applied the amendments for the first time in the current year. The annual improvements make amendments to the following standards:

HKFRS 9 *Financial Instruments*

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged as at the date of initial application, 1 January 2022.

HKFRS 16 *Leases*

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

HKAS 41 *Agriculture*

The amendment ensures consistency with the requirements in HKFRS 13 Fair Value Measurement by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.

[2] Effective for annual periods beginning on or after a date to be determined.

[3] Effective for annual periods beginning on or 1 January 2024.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying *HKAS 32 Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2022, and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities as at 31 December 2022.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3 to the consolidated financial statements, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB200,000 and RMB215,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance ("**HKCO**").

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins with the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations or assets acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations or assets acquisitions *(Continued)*

Business combinations *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

<u>Short-term leases and leases of low-value assets</u>

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities *(Continued)*

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and

- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognized in the profit or loss in the period in which the event occurs.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to the Mandatory Provident Fund schemes in Hong Kong and PRC state-managed retirement benefits schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any account already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

When the Group makes payments for a property interest which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings and mining structures in the course of construction for production or for its own use purposes. Construction in progress is stated at cost less any identified impairment loss. Cost comprises construction expenditure and other direct costs attributable to such projects, if the amount of capital expenditures and the time involved to complete the construction are significant. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Deprecation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Mining right

Mining right with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is provided using the unit of production method based on the actual production volume over the estimated total proven and probable reserves of the ore mine within the terms of licence.

Exploration and evaluation assets

All costs directly associated with exploration and evaluation are initially capitalised. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment loss. Exploration and evaluation assets are those expenditures for an area where technical feasibility and commercial viability has not been determined. Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine.

Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are reclassified to intangible assets or property, plant and equipment. These assets are assessed for impairment annually and before reclassification.

Exploration and evaluation assets acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment loss, reclassified to intangible assets or property, plant and equipment and assessed for impairment on the same basis as the costs directly associated with exploration and evaluation incurred by the Group.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other intangible assets

Other intangible assets acquired in a business combination are recognised initially at its fair value at the acquisition date (which is regarded as the cost). After initial recognition, other intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for other intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the other intangible assets are available for use. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the other intangible assets to which it relates. All other expenditure is expensed as incurred.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets and other intangible asset with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that may be impaired.

The recoverable amount of tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to with the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets at amortised cost which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and bills receivables. The ECL on these assets are assessed individually for debtors with significant balance or collectively with similar credit risk characteristics based primarily on the debtors' aging profiles.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that result in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Measurement and recognition of ECL (Continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

The Group's financial liabilities, including trade and other payables, amounts due to a shareholder, consideration payable for acquisition of a subsidiary, consideration payable to a former non-controlling shareholder of a subsidiary and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and

- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include: (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Provision for restoration cost

The Group is required to make payments for restoration of the land after the underground sites have been mined. Provision for restoration cost is recognised when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provision is measured in accordance with the relevant rules and regulations applicable in the PRC at the end of the reporting period, and using the cash flows forecast to estimate the present obligation, and is discounted to their present value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Principal versus agent consideration (principal)

The Group engages in trading of electrolytic copper and other metal concentrates. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the specified goods, and has discretion in establishing the price for the specified goods. The Group has inventory risk. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts. During the year ended 31 December 2022, the Group recognized revenue relating to trading of electrolytic copper and other metal concentrates amounted to approximately RMB49,476,000 (2021: RMB1,445,390,000).

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting periods, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment assessment of mining assets of the Yifeng Projects

The Group, through Yifeng Wanguo, owns the entire interests of certain mining projects in Yifeng, Jiangxi Province, the PRC, where underground mining was conducted. The existing mining projects in Yifeng and its surrounding areas has a substantial volume of non-ferrous polymetallic mineral resources (the "**Yifeng Projects**"). The mining assets for the mining projects in Yifeng mainly include certain property, plant and equipment, mining right, intangible assets and right-of-use assets on the Group's consolidated statement of financial position and are considered as a single cash generating unit for impairment assessment.

The management assessed the recoverable amounts of the mining assets of the Yifeng Projects based on a value in use calculation using discounted cash flow model in respect of the impairment assessment as at 31 December 2021 and estimates of future production volume and metallic resources of the Yifeng Projects with reference to reserve reports prepared in the past by external specialists, as described in Note 17. Key assumptions applied in the impairment assessment model include forecasted selling prices of the metallic concentrates, the growth rate and the discount rate. As at 31 December 2022, the aggregate carrying value of the mining assets of the Yifeng Projects amounted to approximately RMB518,842,000 (2020: RMB509,960,000). No impairment losses in respect of these assets has been recognised in profit or loss during the years ended 31 December 2022 and 2021.

Impairment assessment of exploration and evaluation assets and other intangible asset of Xizang Changdu

The carrying values of the exploration and evaluation assets and other intangible asset of Xizang Changdu County Dadi Mining Company ("**Xizang Changdu**"), a subsidiary incorporated in Tibet Autonomous Region, the PRC, which was acquired by the Group on 13 July 2017, were approximately RMB191,146,000 (2021: RMB189,227,000) and RMB312,165,000 (2021: RMB312,165,000) respectively as at 31 December 2022 and 2021. Management's assessment of the recoverable amount of these assets as a single CGU is described in Note 19.

The management assessed the recoverable amounts of the exploration and evaluation assets and other intangible asset of the Xizang Changdu based on a fair value less cost of disposal calculation using discounted cash flow model in respect of the impairment assessment as at 31 December 2022 and 2021 and estimates of future production volume and metallic resources of Xizang Changdu with reference to feasibility studies performed by external specialists. Key assumptions applied in the impairment assessment model include forecasted selling prices of the metallic concentrates, the growth rate and a discount rate. No impairment loss in respect of exploration and evaluation assets and other intangible assets has been recognised in profit or loss during the year ended 31 December 2022 (2021: Impairment loss of approximately RMB4,317,000 and RMB7,123,000 has been recognised for exploration and other intangible assets respectively).

Estimated useful lives of property, plant and equipment

Other than construction in progress, the Group depreciates its property, plant and equipment using straight-line method over their estimated useful lives of 3 to 30 years (Note 15). The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of these property, plant and equipment.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment assessment of mining rights, evaluation and exploration assets and property, plant and equipment of Gold Ridge Project

The carrying values of the mining rights, evaluation and exploration assets and property, plant and equipment in relation to the mining projects in relation to a gold resource project located at Guadalcanal Province of the Solomon Islands ("**Gold Ridge Project**"), owned by the subsidiary, Gold Ridge Mining Limited, was approximately RMB263,787,000 (2021: RMB260,417,000), RMB10,325,000 (2021: RMBNil) and RMB266,474,000 (2021: RMB183,243,000) respectively as at 31 December 2022. Management's assessment of the recoverable amount of these assets as a single CGU is described in Note 17.

The management assessed the recoverable amounts of the mining rights and property, plant and equipment of Gold Ridge Project based on a value-in-use calculation (2021: fair value less cost of disposal) using discounted cash flow model in respect of the impairment assessment as at 31 December 2022 and estimates of future production volume and metallic resources of the Gold Ridge Project with reference to feasibility studies performed by external specialists. Key assumptions applied in the impairment assessment model include forecasted gold price, the growth rate and a discount rate. No impairment losses in respect of the mining rights and property, plant and equipment has been recognised in profit or loss during the years ended 31 December 2022 and 2021.

Provision of ECL for trade receivables

The Group uses probability of default model to calculate ECL for the trade receivables. The provision rates are based on aging of trade receivables as groupings of various debtors that have similar loss patterns taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the provision rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The assessment of the provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 24(a) and 40(b).

Provision for restoration costs

The provision for restoration costs has been determined by the management of the Group based on their best estimates. The directors estimated this liability for restoration upon the closure of the mines based on detailed calculations of the amount and timing of future cash flows spending for a third party to perform the required work of restoration, including material cost and labour cost, escalated for inflation, then discounted at a discount rate of 7.05% that reflects current market assessments of the time value of money and the risks specific to the liability, such that the provision reflects the present value of the expenditures expected to be required to settle the obligation. However, the estimate of the associated expenditures may be subject to change due to new government environmental policy in the future. The provision is reviewed regularly to ensure that it properly reflects the present value of the obligation arising from the mining activities. As at 31 December 2022, the carrying amount of provision for restoration costs was approximately RMB8,145,000 (2021: RMB7,290,000).

Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set-up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account changes in tax legislations. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("**CODM**"), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance.

The CODM reviews the overall results and financial position of the Group as a whole based on the same accounting policies as set out in note 3. Accordingly, the Group has only one operating segment.

The Group mainly operates in, and all revenue is generated from, the PRC and Solomon Islands. The Group's principal non-current assets are located in the PRC and Solomon Islands.

Revenue represents revenue arising from sales of processed concentrates of various metals and trading of electrolytic copper and other metal concentrates. All of the revenue of the Group is recognised on a point in time basis, when the customers obtain control of the goods. An analysis of the Group's revenue from its major products for the reporting period is as follows:

	2022 **RMB'000**	2021 RMB'000
Disaggregation of revenue from contracts with customers:		
By types of major products		
– Copper concentrates	**223,708**	208,404
– Zinc concentrates	**116,336**	223,714
– Iron concentrates	**70,523**	90,279
– Sulfur concentrates	**63,425**	35,600
– Gold in copper concentrates	**19,043**	21,511
– Silver in copper concentrates	**21,224**	20,791
– Gold in zinc concentrates	**3,601**	4,060
– Silver in zinc concentrates	**331**	3,236
– Lead in lead concentrates	**8,943**	9,337
– Gold in lead concentrates	**42,731**	32,153
– Silver in lead concentrates	**16,538**	20,100
– Copper in lead concentrates	**2,824**	8,460
– Zinc in lead concentrates	**440**	–
– Sulfur and iron concentrates	**10,346**	7,458
– Lithium concentrates	**7,049**	–
– Electrolytic copper	**26,398**	1,327,316
– Electrolytic lead	**–**	1,976
– Gold doré	**47,958**	–
	681,418	2,014,395
By revenue source		
– Own mined products	**631,942**	569,005
– Sourced outside		
– Copper concentrates	**2,971**	–
– Gold in copper concentrates	**344**	–
– Silver in copper concentrates	**81**	–
– Zinc concentrates	**12,603**	113,202
– Silver in zinc concentrates	**30**	2,896
– Lithium concentrates	**7,049**	–
– Electrolytic copper	**26,398**	1,327,316
– Electrolytic lead	**–**	1,976
	49,476	1,445,390
	681,418	2,014,395

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Performance obligations for contracts with customers

Revenue from sales of processed concentrates of various metals

The Group's sales of concentrates of various metals processed by the Group and sold to mineral trading enterprises is recognised when control of the goods has been transferred, being when the goods have been shipped to the customers' specific locations (delivery) or when they are collected by customers at the Group's ore processing plant at their choices. The payment terms and credit terms (if any) are set out in note 24. A contract liability is recognised for sales receipts in which revenue has yet been recognised. In each transaction, a sample of the ore concentrates is inspected to determine the mineral content to be adopted as the basis of calculation of transaction price. The directors of the Company consider that in general the grades of the Group's concentrates products can meet the customers' requirements and no further processing is required to improve the grades of the goods before delivery to or collection by its customers.

Revenue from trading of electrolytic copper and other metal concentrates sourced outside

Revenue from trading of electrolytic copper and other metal concentrates sourced outside is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (i.e. upon delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for processed concentrates and trading of electrolytic copper and other metal concentrates sourced outside such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of processed concentrates and trading of electrolytic copper and other metal concentrates sourced outside that had an original expected duration of one year or less.

Information about major customers

Revenues from customers of the corresponding periods contributing over 10% of the total sales of the Group are as follows:

	2022 **RMB'000**	2021 RMB'000
Customer A[1]	**197,662**	209,363
Customer B[2]	**104,453**	–
Customer C[3]	–	813,614
Customer D[3]	–	307,050

1 Revenue for sales of copper concentrates, gold and silver in copper concentrates, sulfur concentrates and electrolytic copper

2 Revenue for sales of zinc concentrates, gold and silver in zinc concentrates

3 Revenue from sales of electrolytic copper

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The Group mainly operates in the PRC and Solomon Islands, and all revenue is generated from the PRC and Solomon Islands. The Group's principal non-current assets are located in the PRC and Solomon Islands. Information about its revenue and non-current assets by geographical location of operations are detailed below:

	Revenue		Non-current assets*	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
The PRC	**633,460**	2,014,395	**1,026,755**	1,023,213
Solomon Islands	**47,958**	–	**574,973**	467,647
Australia	**–**	–	**56**	56
Hong Kong	**–**	–	**6,546**	6,571
	681,418	2,014,395	**1,608,330**	1,497,487

* Non-current assets excluded deferred tax assets and restricted bank balance.

6. OTHER INCOME

	2022	2021
	RMB'000	RMB'000
Government grants:		
– Related to assets (note i)	**1,161**	1,160
– Others (note ii)	**1,342**	692
Bank interest income	**567**	853
Others	**184**	98
	3,254	2,803

Notes:

(i) Amount represents the amount granted by a municipal government in the PRC to Yifeng Wanguo for mining technology improvement and is released to profit or loss over the expected useful lives of the relevant assets resulting from the mining technology improvement (Note 31).

(ii) During the year ended 31 December 2022, the government grants mainly included approximately RMB90,000 (2021: RMB32,000) incentives received from a local governmental authority by Yifeng Wanguo as immediate financial support for fulfilment of, among other conditions, certain retention criteria of local employees as required by the relevant governmental authority, and also included approximately RMB368,000 (2021: RMB427,000) and RMB250,000 (2021: RMB250,000) financial incentives received by Yifeng Wanguo for foreign investment and recruitment of high talents, respectively. No future related cost is expected to be incurred nor related to any assets for the above government grants.

7. OTHER GAINS AND LOSSES

	2022 RMB'000	2021 RMB'000
Net foreign exchange (loss)/gain	**(2,325)**	1,075
(Loss)/gain on disposal of property, plant and equipment	**(242)**	115
Written off of trade receivable	**–**	(28)
	(2,567)	1,162

8. FINANCE COSTS

	2022 RMB'000	2021 RMB'000
Interest on bank borrowings	**9,208**	6,611
Interest on contract liabilities	**5,250**	–
Interest on lease liabilities	**31**	17
Interest on bill discounting	**–**	978
	14,489	7,606

9. INCOME TAX EXPENSE

	2022 RMB'000	2021 RMB'000
Current tax:		
PRC Enterprise Income Tax ("**EIT**")		
– Current year	**35,184**	36,516
Withholding tax	**4,405**	–
	39,589	36,516
Deferred tax (Note 21)	**(85)**	2,789
	39,504	39,305

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits subject to Hong Kong Profits Tax during both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of EIT Law, the tax rate of the subsidiaries established in the PRC was 25% during both years, except for as set out below.

During the year ended 31 December 2018, Yifeng Wanguo was approved as an enterprise that satisfied the conditions as high and new technology enterprises and obtained the Certificate of High and New Technology Enterprises ("**the Certificate**") in August 2018, and is entitled to a preferential enterprise income tax rate ("**preferential rate**") of 15% for 2018, 2019 and 2020. During the year ended 31 December 2021, the Certificate has been extended for further 3 years and Yifeng Wanguo is entitled to the preferential rate for 2021,2022 and 2023.

9. INCOME TAX EXPENSE *(Continued)*

In addition, pursuant to the relevant rules and regulations, certain qualified research and development costs incurred by the Group during the year and endorsed by a local tax authority in the PRC were eligible for further deduction for PRC EIT up to 75% of the relevant costs incurred.

No provision for Solomon Islands Profits Tax has been made as the Group had no assessable profits subject to Solomon Islands Profits Tax during both years.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows.

	2022 **RMB'000**	2021 RMB'000
Profit before tax	**209,222**	220,945
Tax at the EIT rate of 25% (2021: 25%)	**52,305**	55,236
Tax effect of expenses not deductible for tax purpose	**10,098**	7,506
Overprovision in respect of prior years	**(3)**	(105)
Income tax at concessionary rate	**(25,060)**	(25,884)
Tax effect of additional tax benefit on research and development expenses	**(2,449)**	(2,179)
Effect of tax losses not recognised	**253**	131
Withholding tax on distributable earnings of a subsidiary established in the PRC	**4,360**	4,600
Income tax expense for the year	**39,504**	39,305

10. PROFIT FOR THE YEAR

	Note	**2022 RMB'000**	2021 RMB'000
Profit for the year has been arrived at after charging:			
Directors' emoluments (Note 11)		**4,299**	4,003
Other staff costs		**53,726**	54,338
		58,025	58,341
Retirement benefit scheme contributions, excluding those of directors		**2,402**	2,403
Total staff costs	(i)	**60,427**	60,744
Depreciation of property, plant and equipment	(ii)	**45,100**	38,440
Depreciation of right-of-use assets		**1,682**	1,655
Amortisation of mining rights	(iii)	**2,848**	1,066
Amortisation of intangible asset		**212**	213
Total depreciation and amortisation		**49,842**	41,374
Auditor's remuneration (including audit and non-audit services)		**1,178**	1,312
Research and development costs	(i), (ii)	**21,769**	19,372
Cost of inventories recognised as an expense	(i), (ii), (iii)	**365,734**	1,698,188

(i) Total staff costs amounting to approximately RMB24,455,000 (2021: RMB19,728,000) are included in cost of inventories; amounting to approximately RMB25,735,000 (2021: RMB31,886,000) are included in administrative expenses; amounting to approximately RMB610,000 (2021: RMB605,000) are included in distribution and selling expenses, and approximately RMB9,627,000 (2021: RMB8,525,000) are included in research and development costs in administrative expenses.

(ii) Depreciation of property, plant and equipment amounting to approximately RMB34,262,000 (2021: RMB29,578,000) are included in cost of inventories; amounting to approximately RMB9,725,000 (2021: RMB6,830,000) are included in administrative expenses and amounting to approximately RMB1,113,000 (2021: RMB2,032,000) are included in research and development costs in administrative expenses.

(iii) Amortisation of mining right is included in cost of inventories.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and HKCO, is as follows:

Name of directors	Fees RMB'000	Retirement benefit scheme contributions RMB'000	Other emoluments, mainly salaries and allowance RMB'000	Total RMB'000
For the year ended 31 December 2022				
Executive directors:				
Mr. Gao Mingqing	**–**	**–**	**1,061**	**1,061**
Mr. Liu Zhichun	**–**	**–**	**635**	**635**
Mr. Wang Renxiang	**–**	**72**	**699**	**771**
Ms. Wang Nan	**–**	**125**	**1,258**	**1,383**
Independent and non-executive directors:				
Mr. Tsang Wai Hung (appointed on 2 June 2022)	**60**	**–**	**–**	**60**
Mr. Wong Chi Ming Ming (appointed on 2 June 2022)	**60**	**–**	**–**	**60**
Mr. Wang Xin	**120**	**–**	**–**	**120**
Mr. Shen Peng (retired on 2 June 2022)	**83**	**–**	**–**	**83**
Dr. Lu Jian Zhong (retired on 2 June 2022)	**63**	**–**	**–**	**63**
Mr. Qi Yang (retired on 2 June 2022)	**63**	**–**	**–**	**63**
	449	**197**	**3,653**	**4,299**
For the year ended 31 December 2021				
Executive directors:				
Mr. Gao Mingqing	–	–	1,056	1,056
Ms. Gao Jinzhu (resigned on 30 September 2021)	–	–	462	462
Mr. Xie Yaolin (resigned on 30 September 2021)	–	6	520	526
Mr. Liu Zhichun	–	–	479	479
Mr. Wang Renxiang (appointed on 30 September 2021)	–	18	182	200
Ms. Wang Nan (appointed on 30 September 2021)	–	32	328	360
Non-executive directors:				
Mr. Li Kwok Ping (resigned on 30 September 2021)	–	–	150	150
Mr. Lee Hung Yuen (resigned on 30 September 2021)	–	–	150	150
Independent and non-executive directors:				
Dr. Lu Jian Zhong	150	–	–	150
Mr. Qi Yang	150	–	–	150
Mr. Shen Peng	200	–	–	200
Mr. Wang Xin	120	–	–	120
	620	56	3,327	4,003

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The number of each of the director whose remuneration fell within the following bands is as follows:

	2022 **No. of directors**	2021 No. of directors
Nil to HK$1,000,000	**8**	11
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	–
	10	12

Mr. Gao Mingqing is the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

12. EMPLOYEES' EMOLUMENTS

(a) Emoluments of senior management

Of the nine (2021: seven) senior management of the Group for the year ended 31 December 2022, four (2021: four) of them are the executive directors of the Company and their remuneration has been disclosed in Note 11. The total emoluments of the remaining five (2021: three) senior management are as follows:

	2022 **RMB'000**	2021 RMB'000
Salaries, other allowances and benefit-in-kinds	**3,316**	2,766
Discretionary bonuses	**496**	75
Retirement benefits scheme contributions	**92**	194
	3,904	3,035

The number of each of the above employees whose remuneration fell within the following bands is as follows:

	2022 **No. of employees**	2021 No. of employees
Nil to HK$1,000,000	**2**	1
HK$1,000,001 to HK$1,500,000	**3**	1
HK$1,500,001 to HK$2,000,000	**–**	1
	5	3

12. EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Five highest paid employees

The five highest paid employees of the Group during the year included two (2021: three) directors and three (2021: two) senior management, details of whose remuneration are set out in the disclosures in notes 11 and 12(a) above.

During both years, no emoluments were paid by the Group to any of the directors of the Company as set out in note 11 or the five highest paid individuals (including directors, senior management and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both years.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2022	2021
Earnings figures are calculated as follows:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share (in RMB'000)	**180,540**	193,432
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	**828,000**	810,247

No diluted earnings per share are presented as there were no potential ordinary shares in issue during both years.

14. DIVIDEND

During the reporting period, the Company recognised the following dividends as distribution:

	2022 **RMB'000**	2021 RMB'000
Final dividend for the year ended 31 December 2021 of RMB10.10 cents (2021: Final dividend for the year ended 31 December 2020 of RMB2.98 cents) per share	**83,628**	**24,700**

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2022 of RMB10.00 cents (2021: RMB10.10 cents) per ordinary share, in an aggregate amount of approximately RMB82,800,000 (2021: RMB83,628,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

Final dividend for the year ended 31 December 2021 was paid on 31 August 2022.

15. PROPERTY, PLANT AND EQUIPMENT

	Mining structures RMB'000	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2021	352,259	138,522	122,331	19,694	11,484	56,488	700,778
Effect of foreign currency exchange differences	(16)	(390)	(595)	(633)	(193)	(9,213)	(11,040)
Additions	41,373	–	7,416	2,629	784	170,292	222,494
Transfer	2,603	1,583	1,594	820	31	(6,631)	–
Disposal	–	–	(3,948)	(10,037)	(413)	–	(14,398)
At 31 December 2021	396,219	139,715	126,798	12,473	11,693	210,936	897,834
Effect of foreign currency exchange differences	**95**	**2,426**	**991**	**85**	**193**	**1,812**	**5,602**
Additions	**10,639**	**–**	**16,350**	**324**	**886**	**116,206**	**144,405**
Transfer	**52,309**	**147,242**	**82,106**	**–**	**647**	**(282,304)**	**–**
Disposal	**–**	**(716)**	**(7,795)**	**(252)**	**(212)**	**(8,804)**	**(17,779)**
At 31 December 2022	**459,262**	**288,667**	**218,450**	**12,630**	**13,207**	**37,846**	**1,030,062**
DEPRECIATION							
At 1 January 2021	106,722	47,131	63,953	6,259	8,411	–	232,476
Effect of foreign currency exchange differences	(1)	(77)	(49)	(93)	(70)	–	(290)
Provided for the year	18,102	6,390	10,204	2,757	987	–	38,440
Eliminated on disposal	–	–	(1,849)	(2,917)	(410)	–	(5,176)
At 31 December 2021	124,823	53,444	72,259	6,006	8,918	–	265,450
Effect of foreign currency exchange differences	**2**	**253**	**66**	**27**	**120**	**–**	**468**
Provided for the year	**21,576**	**6,420**	**14,079**	**1,838**	**1,187**	**–**	**45,100**
Eliminated on disposal	**–**	**(381)**	**(7,115)**	**(252)**	**(212)**	**–**	**(7,960)**
At 31 December 2022	**146,401**	**59,736**	**79,289**	**7,619**	**10,013**	**–**	**303,058**
CARRYING VALUES							
At 31 December 2022	**312,861**	**228,931**	**139,161**	**5,011**	**3,194**	**37,846**	**727,004**
At 31 December 2021	271,396	86,271	54,539	6,467	2,775	210,936	632,384

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Note:

As at 31 December 2022, mining structures and machinery with cost of approximately RMB1,424,000 (2021: approximately RMB1,424,000) and approximately RMB19,107,000 (2021: approximately RMB21,992,000), respectively have been fully depreciated but still in use.

An analysis of the carrying values of the buildings is as below:

	2022 **RMB'000**	2021 RMB'000
In Hong Kong	**6,335**	6,088
Outside Hong Kong	**222,596**	80,183
	228,931	86,271

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis using the following estimated useful lives:

Mining structures	8-20 years
Buildings	20-30 years
Machinery	5-10 years
Motor vehicles	4-5 years
Electronic equipment	3-5 years

Details of the property, plant and equipment pledged to banks to secure loan facilities granted to the Group is set out in note 35.

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB$'000 (Note a)	Leased properties RMB'000 (Note b)	Total RMB'000
COST			
At 1 January 2021	59,834	782	60,616
Effect of foreign currency exchange difference	–	(19)	(19)
Addition	–	575	575
Termination of lease	–	(771)	(771)
At 31 December 2021	59,834	567	60,401
Effect of foreign currency exchange difference	–	52	52
Addition	305	–	305
At 31 December 2022	60,139	619	60,758
ACCUMULATED DEPRECIATION			
At 1 January 2021	2,758	605	3,363
Depreciation charge	1,379	276	1,655
Effect of foreign currency exchange difference	–	(10)	(10)
Termination of lease	–	(771)	(771)
At 31 December 2021	4,137	100	4,237
Depreciation charge	1,385	297	1,682
Effect of foreign currency exchange difference	–	22	22
At 31 December 2022	5,522	419	5,941
CARRYING VALUES			
At 31 December 2022	54,617	200	54,817
At 31 December 2021	55,697	467	56,164

	2022 RMB'000	2021 RMB'000
Expense relating to short-term leases	**1,459**	517
Total cash outflow for leases	**323**	313

Notes:

(a) It represents the Group's ownership interests on leasehold land held for own use in the PRC, with remaining lease term of between 10 and 50 years.

(b) The Group has obtained the right to use a property as its director's quarter through tenancy agreements. The lease runs for an initial period of 2 years without extension options. The lease only included fixed lease payment.

16. RIGHT-OF-USE ASSETS *(Continued)*

Details of the right-of-use assets pledged to a bank to secure loan facilities granted to the Group is set out in Note 35.

The above items of right-of-use assets are depreciated on a straight-line basis using the following estimated useful lives:

Leasehold lands	50 years
Leased properties	2 years

17. MINING RIGHTS

	2022 **RMB'000**	2021 RMB'000
COST		
At beginning of the year	**282,650**	304,866
Effect of foreign currency exchange differences	**5,172**	(22,216)
At end of the year	**287,822**	282,650
AMORTISATION		
At beginning of the year	**10,676**	9,610
Effect of foreign currency exchange differences	**20**	–
Provided for the year	**2,848**	1,066
At end of the year	**13,544**	10,676
CARRYING VALUES	**274,278**	271,974

The mining rights represent: (1) the right to conduct mining activities in respect of Yifeng Projects in the Xinzhuang Mine in Jiangxi Province, the PRC, and has legal life of 26 years to 2032 and (2) the right to conduct mining activities in respect of Gold Ridge Project on Guadalcanal in the Solomon Islands and has legal life of 15 years to 2034. During the year ended 31 December 2022, the mines of the Gold Ridge Project have commenced commercial operations.

The mining rights are amortised using the unit of production method based on the actual production volume over the estimated total proven reserves of the ore mines within the terms of licence. The extension of the mining period and the enlargement of the annual production limit may change the total proven and probable reserves of the ore mines over the terms of the licenced period.

As at 31 December 2022, the mining right in the Xinzhuang Mine with carrying amount of approximately RMB10,491,000 (2021: RMB11,557,000) was pledged to a bank to secure loan facilities granted to the Group as set out in Note 35.

17. MINING RIGHTS *(Continued)*

Impairment test on mining projects in Yifeng, Jiangxi Province, the PRC ("Yifeng Projects")

In view of the impact of COVID-19 pandemic in the economic environment in which the Group operates, the directors of the Company have performed impairment assessment on the property, plant and equipment with carrying amount of approximately RMB450,010,000 (2021: RMB438,771,000), mining right with carrying amount of approximately RMB10,491,000 (2021: RMB11,557,000), right-of-use assets with carrying amount of approximately RMB54,618,000 (2021: RMB55,697,000) and intangible assets with carrying amount of approximately RMB3,723,000 (2021: RMB3,935,000), with aggregate carrying amount of approximately RMB518,842,000 (2021: RMB509,960,000) which belong to the Yifeng Projects being carried out in the Xinzhuang Mine, which are principally engaged in mining and processing of ores and sales of processed concentrates in the PRC. Management's assessment of the recoverable amount of these assets was performed on the Yifeng Projects as a single CGU. The Group's own mined metallic concentrates are produced by the Yifeng Projects. The recoverable amount of this CGU has been determined by the directors of the Company based on value-in-use calculations. The pre-tax discount rate in measuring the amount of value in use is 20% per annum in relation to this CGU (2021: 18% per annum). The discounted cash flow analysis used cash flow projections with a growth rate of 2% (2021: 2%) per annum being applied for estimated selling prices, unit direct costs and expenses over a period of 10 years (2021: 11 years), being the useful life of the mining licence. The growth rate reflects the long-term growth rate for the country in which the entity of the CGU operates. The key assumptions also include budgeted sales volume and budgeted gross margins based on past performance and management expectations of market development, and taking into account the estimated mineral resources reserves of the Xinzhuang Mine based on a technical report. There has been no change from the valuation technique used in prior year. As a result of the impairment assessment, no impairment loss had been recognised in respect of the property, plant and equipment, mining right, right-of-use assets and intangible assets in relation to the Yifeng Projects during the year ended 31 December 2022 (2021: Nil). Management believes that any reasonably possible change in any of above assumptions would not cause the carrying amount of this CGU to exceed the recoverable amount of this CGU.

Impairment test on Gold Ridge Project

The directors of the Company have performed impairment assessment on the mining right with carrying amount of approximately RMB263,787,000 (2021: RMB260,417,000), evaluation and exploration assets with carrying amount of approximately RMB10,325,000 (2021: RMBNil) and property, plant and equipment with carrying amount of approximately RMB266,474,000 (2021: RMB183,243,000) of Gold Ridge Project for gold production. Management's assessment of the recoverable amount of these assets was performed on Gold Ridge Project as a single CGU. The recoverable amount of this CGU has been determined by an independent professional valuer, Vision Appraisal and Consulting Ltd, based on value in use calculations (2021: fair value less cost of disposals calculations) which is determined by discounted cash flow approach. The pre-tax discount rate (2021: post-tax discount rate) in measuring the amount of value in use (2021: fair value less cost of disposal) is 31% (2021: 25%) per annum in relation to this CGU. As a result of the impairment assessment, no impairment loss had been recognised in respect of the mining right, evaluation and exploration assets and property, plant and equipment (2021: mining right and property, plant and equipment) of the Gold Ridge Project during the year ended 31 December 2022 (2021: Nil).

The key assumptions for the value in use (2021: fair value less cost of disposal) calculation are those regarding the pre-tax discount rate of 31% (2021: post-tax discount rate of 25%), zero growth rate (2021: zero growth rate) being applied for estimated selling prices, direct costs and expenses, and budgeted production plan of 14 years from 2023 to 2036 (2021: 14 years from 2022 to 2035), which is according to the legal life of the mining right estimated by the directors of the Company. The discount rate had been determined based on the market comparables. The growth rate reflects the long-term growth rate for the country in which the entity of the CGU operates. The budgeted production plan had been determined based on the management's expectation for the market development, technical report, feasibility study of the above mine and the expected production capacity of the relevant cash generating unit.

17. MINING RIGHTS *(Continued)*

Impairment test on Gold Ridge Project *(Continued)*

Apart from the considerations described above in determining the value in use (2021: fair value less cost of disposal) of the cash-generating unit, the Group's management is not currently aware of any other probable changes that would necessitate changes in these key assumptions. However, the estimate of recoverable amount of the Group's cash generating units is particularly sensitive to the discount rate applied.

The fair values less cost of disposal of this cash generating unit as at 31 December 2021 was classified as level 3 fair value measurement.

18. EXPLORATION AND EVALUATION ASSETS

	RMB'000
COST	
At 1 January 2021	190,824
Additions	2,720
At 31 December 2021	193,544
Additions	12,127
Effect of foreign currency exchange difference	117
At 31 December 2022	205,788
ACCUMULATED IMPAIRMENT LOSS	
At 1 January 2021	–
Impairment loss recognised	(4,317)
At 31 December 2021 and 2022	(4,317)
CARRYING VALUES	
At 31 December 2022	201,471
At 31 December 2021	189,227

The exploration and evaluation assets represent all costs directly associated with exploration and evaluation and are initially capitalised. As at 31 December 2022, the exploration and evaluation assets related to costs of the activities which occurred in the area of Changdu, Tibet Autonomous Region, the PRC, which is the principal place of business of Xizang Changdu and Solomon Islands, which is the principal place of business of the Gold Ridge Project (2021: Changdu, Tibet Autonomous Region, the PRC).

During the current year, the Group incurred costs directly associated with the exploration and evaluation assets of approximately RMB12,127,000 (2021: RMB2,720,000).

Please refer to Notes 17 and 19 for impairment assessment.

19. OTHER INTANGIBLE ASSET

	RMB'000
COST	
At 1 January 2021, 31 December 2021 and 2022	319,288
ACCUMULATED IMPAIRMENT LOSS	
At 1 January 2021	–
Impairment loss recognised	(7,123)
At 31 December 2021 and 2022	(7,123)
CARRYING VALUES	
At 31 December 2022	312,165
At 31 December 2021	312,165

In addition to the exploration and evaluation assets as set out in note 18 above, the Group has recognised other intangible asset pursuant to the acquisition of Xizang Changdu which represents, in the opinion of the directors, premium paid for the mining right license to be obtained by Xizang Changdu to conduct mining activities in the lead mine in Walege of the Changdu County, Tibet Autonomous Region, the PRC, owned by Xizang Changdu. The Group is in the process of applying the mining permit for the above mine with the relevant regulatory authorities and the directors of the Company expect the mining permit will be granted to the Group without significant cost in the foreseeable future. The relevant mining permit, when granted to the Group, will allow the Group to mine up to a predetermined level of ore every year from the date of grant through the expiry of the mining license.

Impairment test on Xizang Changdu

The directors of the Company have performed impairment assessment on the exploration and evaluation assets and other intangible asset of Xizang Changdu. Management's assessment of the recoverable amount of these assets was performed on Xizang Changdu as a single CGU. The recoverable amounts of this CGU has been determined by an independent professional valuer, Vision Appraisal and Consulting Limited, based on fair value less cost of disposals calculations which is determined by discounted cash flow approach. The post-tax discount rates in measuring the amount of fair value less cost of disposal is 21% (2021: 21%) per annum in relation to this CGU. As a result of the impairment assessment, no impairment loss (2021: impairment loss of approximately RMB4,317,000) in respect of exploration and evaluation assets and no impairment loss (2021: impairment loss of approximately RMB7,123,000) in respect of other intangible asset has been recognised in profit or loss during the year ended 31 December 2022.

19. OTHER INTANGIBLE ASSET *(Continued)*

Impairment test on Xizang Changdu *(Continued)*

The key assumptions for the fair value less cost of disposal calculation are those regarding the discount rate, growth rate of 2% per annum (2021: 2%) being applied for estimated selling prices, direct costs and expenses, and budgeted production plan of 16 years from 2025 to 2040 (2021: 16 years from 2024 to 2039). The discount rate had been determined based on the market comparables. The growth rate reflects the long-term growth rate for the country in which the entity of the CGU operates. The budgeted production plan had been determined based on the management's expectation for the market development, pre-feasibility study of the above mine and the expected production capacity of Xizang Changdu.

Apart from the considerations described above in determining the fair value less cost of disposal of the cash-generating unit, the Group's management is not currently aware of any other probable changes that would necessitate changes in these key assumptions. However, the estimate of recoverable amount of the Group's cash generating units is particularly sensitive to the discount rate applied.

The fair values less cost of disposal of these cash generating units are classified as level 3 fair value measurement.

20. INTANGIBLE ASSETS

	Patent right RMB'000	**Total** RMB'000
COST		
At 1 January 2021, 31 December 2021 and 2022	4,249	4,249
AMORTISATION		
At 1 January 2021	101	101
Provided for the year	213	213
At 31 December 2021	314	314
Provided for the year	212	212
At 31 December 2022	526	526
CARRYING VALUES		
At 31 December 2022	3,723	3,723
At 31 December 2021	3,935	3,935

The above items of intangible assets are amortised on a straight line basis at the following estimated useful life:

Patent right	20 years

The Group is researching new techniques that could enhance the efficiency of metal ore extraction. It has incurred research and development expenses of approximately RMB21,769,000 in the current year (2021: RMB19,372,000) which are included in administrative expenses in the statement of profit or loss and other comprehensive income.

21. DEFERRED TAX ASSETS/LIABILITIES

The following is an analysis of the deferred tax balances for financial reporting purposes:

	2022 RMB'000	2021 RMB'000
Deferred tax assets	**3,930**	3,890
Deferred tax liabilities	**(86,866)**	(86,911)
	(82,936)	(83,021)

The following are the major deferred tax assets (liabilities) recognised and movements thereon during both years:

	Undistributed earnings of a PRC subsidiary RMB'000	Fair value adjustments on other intangible asset arising from acquisition of a subsidiary RMB'000	Restoration cost and other provisions RMB'000	Government subsidy RMB'000	Total RMB'000
At 1 January 2021	(4,270)	(79,822)	1,698	2,162	(80,232)
(Charge) credit to profit or loss	(4,600)	1,781	204	(174)	(2,789)
At 31 December 2021	(8,870)	(78,041)	1,902	1,988	(83,021)
(Charge) credit to profit or loss	45	–	214	(174)	85
At 31 December 2022	(8,825)	(78,041)	2,116	1,814	(82,936)

From 1 January 2008, pursuant to the EIT Law and its detailed implementation rules, dividend distributed out of the profits generated thereafter shall be subject to EIT at 10% and withheld by the PRC entity. By the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong, a Hong Kong resident company should be entitled to a preferential tax rate of 5% when receiving dividend from its investee in the PRC if such investor is the beneficial owner of the PRC entity of over 25% interest. Taylor Investment International Limited ("**HK Taylor**"), which was incorporated in Hong Kong and owns the entire equity interest of the Group's subsidiaries established in the PRC, enjoys the preferential tax rate aforementioned. Accordingly, deferred taxation has been provided for in the consolidated financial statements in respect of the expected dividend stream from these subsidiaries with the applicable tax rate of 5%.

At the end of the reporting period, the Group has unused tax losses of approximately RMB7,144,000 (2021: RMB11,516,000) available for offset against future profits with no expiry date, which is mainly derived from a subsidiary incorporated in Australia.

No deferred tax asset has been recognised in relation to such unused tax losses as it is not probable that taxable profit will be available against which the unused tax losses differences can be utilised.

22. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

The restricted bank balances carry interest at a fixed rate of 1.5% (2021: 1.5%) per annum. They represent the guarantee deposits in specified accounts which are restricted for the usage for restoration of the land upon closure of mines.

The bank balances and cash carry interest at market rates as follows:

	2022	2021
	%	%
Range of interest rates (per annum)	**0.00 to 1.50**	0.00 to 1.50

The bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2022	2021
	RMB'000	RMB'000
HK$	**442**	383
AU$	**197**	17
US$	**73**	9

23. INVENTORIES

	2022	2021
	RMB'000	RMB'000
Mining products		
– Raw materials	**11,603**	13,428
– Work-in-progress	**143,218**	4,031
– Finished goods	**3,000**	1,190
	157,821	18,649

24. TRADE AND OTHER RECEIVABLES

	Note	2022 RMB'000	2021 RMB'000
Trade receivables from contracts with customers		**13,151**	2,057
Bills receivables		**–**	2,704
Trade and bills receivables	(a)	**13,151**	4,761
Amount due from a related company	(b)	**3**	3
Amount due from a non-controlling shareholder	(c)	**23,569**	–
Prepayments and other receivables			
– prepayments to major subcontractors	(d)	**88,515**	77,588
– prepayments to other suppliers	(d)	**43,000**	69,189
– Other receivables	(e)	**28,222**	8,229
		183,309	155,009
Total trade and other receivables		**196,460**	159,770

(a) Trade and bills receivable

As at 1 January 2021, trade receivables from contracts with customers amounted to approximately RMB4,097,000.

For long-term customers with good credit quality and payment history, the Group allows credit periods of no longer than 60 days for sales of certain products. For others, the Group generally requests for deposits in advance from customers (Note 26). The following is an aged analysis of trade and bills receivables presented based on the invoice dates at the end of the reporting period as follows:

	2022 RMB'000	2021 RMB'000
Within 30 days	**13,073**	4,611
Over 90 days	**78**	150
	13,151	4,761

No trade and bills receivables are past due as at the end of the reporting period. The Group does not hold any collateral over these balances.

24. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade and bills receivable *(Continued)*

The ECL for trade receivables as at 31 December 2022 and 2021 have been assessed collectively based on the trade debtors' aging, grouped by debtor balances that are not yet due and different aging brackets of numbers of days past due (if any). Based on the assessment of the management of the Group, allowance for credit losses from the trade receivables as at 31 December 2022 and 2021 is insignificant.

As at 31 December 2021, the above bills receivable were held by the Group for future settlement of trade receivables. All bills receivable held by the Group are with a maturity period of less than one year.

Details of impairment assessment of trade and other receivables are set out in note 40(b).

(b) Amount due from a related company

The balance is due from a company wholly owned and controlled by Mr. Gao Mingqing, the Chief Executive of the Company. The balance is interest free, unsecured and repayable on demand.

(c) Amount due from a non-controlling shareholder

The balance represents the amount receivable from the non-controlling shareholder of a subsidiary in respect of its deemed contribution to the subsidiary. The balance is interest free, unsecured and repayable on demand.

(d) Prepayments to major subcontractors

Included in the balance is prepayment of subcontracting fee to mining subcontractors by the subsidiaries GRML and Yifeng Wanguo for mining of ores, which amounted to approximately RMB100,000 (2021: RMB30,294,000) and RMB88,415,000 (2021: RMB47,294,000) respectively as at 31 December 2022.

(e) Prepayments to other suppliers

Included in the balance is prepayment to suppliers of metal concentrates for trading which amounted to approximately RMB25,160,000 (2021: RMB43,504,000) and prepayment to suppliers of raw materials which amounted to approximately RMB11,999,000 (2021: RMB15,093,000) as at 31 December 2022.

25. TRADE AND OTHER PAYABLES

	Note	**2022 RMB'000**	2021 RMB'000
Trade payables	(i)	**83,109**	13,975
Bills payables	(ii)	**–**	30,000
Trade and bills payables		**83,109**	43,975
Value-added tax, resource tax and other tax payables		**12,454**	36,126
Payables for construction in progress and property, plant and equipment		**20,067**	13,943
Accrued expenses and other payables			
– Accrued expenses		**2,497**	2,267
– Accrued staff cost		**6,099**	6,680
– Other payables	(iii)	**14,249**	16,573
		55,366	75,589
Total trade and other payables		**138,475**	119,564

25. TRADE AND OTHER PAYABLES *(Continued)*

The aged analysis of trade payables, presented based on the delivery date at the end of the reporting period, is as follows:

	2022	2021
	RMB'000	RMB'000
Within 30 days	**41,920**	9,906
31-60 days	**10,398**	1,939
61-90 days	**16,555**	693
91-180 days	**12,674**	665
Over 180 days	**1,562**	772
	83,109	13,975

The following is an aged analysis of bills payables based on the date of issue of bills:

	2022	2021
	RMB'000	RMB'000
Over 180 days	–	30,000
	–	30,000

Notes:

(i) The average credit period on purchase of goods is 30 days upon delivery. No interest is charged on overdue trade payable.

(ii) The bills payable were pledged by a restricted deposit made by Yifeng Wanguo, which had to be settled within one year from the date of issue.

(iii) Included in the balance of other payables are an accrued outsourcing expense to a service vendor for arrangement of working force in Solomon Islands for operation of the Gold Ridge Mine which amounted to approximately RMB5,217,000 (2021: RMB6,623,000) as at 31 December 2022, and construction cost payable for the Gold Ridge Mine amounted to approximately RMB4,469,000 (2021: Nil) .

26. CONTRACT LIABILITIES

	2022	2021
	RMB'000	RMB'000
Sales of processed concentrates products and analysed for reporting purpose as current liabilities	**67,651**	25,572

Contract liabilities represent the deposit amounts received from certain customers at the requests of the Group when they place confirmed orders.

26. CONTRACT LIABILITIES *(Continued)*

Movement in the contract liabilities balances during the year ended 31 December 2022 and 2021 is as follows:

	RMB'000
As at 1 January 2021	49,821
Consideration received from customers during the year over the amounts of revenue recognised	15,026
Revenue recognised during the year that was included in contract liability at beginning of year	(13,475)
Consideration refunded to customers	(25,800)
As at 31 December 2021 and 1 January 2022	25,572
Consideration received from customers during the year over the amounts of revenue recognised	65,762
Revenue recognised during the year that was included in contract liability at beginning of year	(23,683)
As at 31 December 2022	67,651

The Group considers the advance payment scheme offered to a customer amounting to approximately RMB63,824,000 as at 31 December 2022 (2021: RMBNil) contained significant financing component and accordingly the amount of consideration was adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant group entities, at an effective interest rate of 3 month LIBOR+6.5% p.a.

The directors of the Company considered that the balance of contract liabilities as at 31 December 2022 and 2021 will be recognised as revenue to profit or loss as follows:

	2022 RMB'000	2021 RMB'000
Within one year	**67,651**	25,572

27. LEASE LIABILITIES

	2022 RMB'000	2021 RMB'000
Lease liabilities payable:		
Within one year	**215**	278
Within a period of more than one year but not more than two years	–	196
	215	474
Less: Amount due for settlement within 12 months shown under current liabilities	**(215)**	(278)
Amount due for settlement after 12 months shown under non-current liabilities	–	196

The weighted average incremental borrowing rate applied to lease liabilities is 8.39% (2021: 8.39%).

28. AMOUNTS DUE TO/(FROM) RELATED PARTIES

	Note	2022 RMB'000	2021 RMB'000
Victor Soar Investments Limited ("**Victor Soar**")	(a), (b)	**3,688**	3,621
Mr. Gao Mingqing	(a)	**(57)**	–
Ms. Gao Jinzhu	(a), (c)	–	2,000
Achieve Ample Investments Limited ("**Achieve Ample**")	(a), (c)	**263**	240
		3,894	5,861

Notes:

(a) All of the amounts above are non-trade in nature, interest free, unsecured and repayable on demand, of which approximately RMB3,950,000 (2021: RMB3,861,000) are denominated in HK$.

(b) Victor Soar held approximately 33.99% (2021: 33.99%) of the issued share capital of the Company as at 31 December 2022 and is wholly owned and controlled by Mr. Gao Mingqing.

(c) Ms. Gao Jinzhu, former executive director of the Company is interested in 16.74% (2021: 16.74%) of the issued share capital of the Company as at 31 December 2022 via Achieve Ample which is wholly owned and controlled by her.

29. CONSIDERATION PAYABLE TO A FORMER NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

On 3 March 2012, Yifeng Wanguo, West-Jiangxi of the Bureau of Geology and Mineral Exploration of Jiangxi Province ("**West-Jiangxi Brigade**") and HK Taylor entered into a capital reduction agreement (the "**Capital Reduction Agreement**") pursuant to which, among other things, West-Jiangxi Brigade shall redeem all of its 12% equity investment in Yifeng Wanguo for a consideration of RMB207,872,000. According to the Capital Reduction Agreement, the consideration shall be payable by Yifeng Wanguo to West-Jiangxi Brigade by instalments set out below:

(i) RMB6,000,000 within five working days after the completion of the Capital Reduction Agreement;

(ii) RMB6,000,000 in December of the year in which the completion of the Capital Reduction Agreement took place and the year thereafter, respectively;

(iii) RMB20,000,000 in December of the second year after the year in which the completion of the Capital Reduction Agreement took place; and

(iv) RMB42,468,000 in December of each of the third year to the sixth year after the year in which the completion of the Capital Reduction Agreement took place.

The Capital Reduction Agreement was approved by the relevant PRC government authorities on 23 April 2012. Upon the approval of the Capital Reduction Agreement and the completion of registration with the relevant authorities in the PRC, Yifeng Wanguo became a wholly-owned subsidiary of the Company on 27 April 2012.

As a result, the Group has recorded a liability of RMB153,584,000, which was the present value of the total consideration discounted at 7.05% payable by Yifeng Wanguo to West-Jiangxi Brigade as at the date of the completion of the transaction.

During the year ended 31 December 2018, an amount of approximately RMB42,468,000 which fell due in that year was agreed to be extended to 2020. As at 31 December 2022 and 2021, the amount had matured without further extension granted by West-Jiangxi Brigade.

At the end of the reporting period, the carrying amount of consideration payable is repayable on demand.

30. BANK BORROWINGS

	2022 RMB'000	2021 RMB'000
Unsecured bank borrowings at:		
– fixed rate	**40,000**	49,800
Secured bank borrowings at:		
– fixed rate	**147,000**	75,500
– floating rate	**2,444**	2,679
	189,444	127,979
The carrying amounts of the above borrowing are repayable:		
– within one year	**187,000**	86,800
– within a period of more than one year but not exceeding two years	**–**	38,500
	187,000	125,300
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities)	**2,444**	2,679
	189,444	127,979
Less: Amount due within one year shown under current liabilities	**(189,444)**	(89,479)
Amount shown under non-current liabilities	**–**	38,500

The interest rates of the Group's floating rate borrowings are based on Hong Kong Interbank Offered Rate. Interest is reset every year.

The effective interest rates on the Group's borrowings are as follows:

	2022 %	2021 %
Effective interest rate for fixed rate borrowings (per annum)	**4.60 to 6.10**	4.79 to 9.57
Effective interest rate for floating rate borrowings (per annum)	**1.94 to 2.73**	1.86 to 2.05

The secured bank borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2022 RMB'000	2021 RMB'000
HK$	**2,444**	2,679

31. DEFERRED INCOME

Deferred income represents government grants received by Yifeng Wanguo from the Yifeng Finance Bureau for mining technology improvement.

The deferred income is released to income over the expected useful life of the relevant assets resulting from the mining technology improvement. Movements of deferred income during the year are as follows:

	2022	2021
	RMB'000	RMB'000
Government grant related to assets:		
At the beginning of the year	**7,492**	8,652
Released to profit or loss	**(1,161)**	(1,160)
At the end of the year	**6,331**	7,492

32. PROVISIONS FOR RESTORATION COSTS

	2022	2021
	RMB'000	RMB'000
At beginning of the year	**7,290**	6,492
Provisions	**855**	798
At end of the year	**8,145**	7,290

In accordance with relevant PRC rules and regulations, the Group is obliged to restore the land upon closure of the mines. The Group provided the cost for restoration for its present obligation.

The provision for restoration costs has been determined by the directors based on their best estimates. The directors estimated this liability for restoration upon the closure of the mines based on detailed calculations of the amount and timing of future cash flows spending for a third party to perform the required work of restoration, including material cost and labour cost, escalated for inflation, then discounted at a discount rate of 7.05% that reflects current market assessments of the time value of money and the risks specific to the liability, such that the provision reflects the present value of the expenditures expected to be required to settle the obligation.

33. SHARE CAPITAL

Details of share capital of the Company are as follows:

	Number of shares ’000	Share capital HK$’000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2021, 31 December 2021 and 31 December 2022	1,000,000	100,000
Issued:		
At 1 January 2021	720,000	72,000
Shares issued in share subscriptions arrangement (note a)	108,000	10,800
At 31 December 2021 and 2022	828,000	82,800

	2022 RMB’000	2021 RMB’000
Shown in the consolidated statement of financial position	**67,881**	67,881

Notes:

(a) On 2 March 2021, pursuant to a subscription agreement dated 26 January 2021 between the Company and an independent subscriber, the Company issued 108,000,000 new ordinary shares of HK$0.10 each at a price of HK$2.18 per share to the independent subscriber. Details of the share subscription were contained in the Company’s announcements dated 29 December 2020, 22 February 2021 and 2 March 2021.

(b) The Company has adopted a share option scheme (the “**Scheme**”) on 12 June 2012 to which the directors and eligible employees, among others are entitled to participate in. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Details of the Scheme are set out in the directors’ report section of the annual report. No share options have been granted, exercised, cancelled or lapsed under the Scheme during the years ended 31 December 2022 and 2021. The Scheme was expired on 10 July 2022.

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS		
Interest in subsidiaries	**1**	1
Amounts due from subsidiaries	**11,871**	11,871
	11,872	11,872
CURRENT ASSETS		
Amounts due from subsidiaries	**322,536**	364,350
Other receivables and prepayments	**5,835**	10,594
Bank balances and cash	**241**	73
	328,612	375,017
CURRENT LIABILITIES		
Amount due to shareholders	**3,853**	3,772
Other payables	**1,117**	1,279
	4,970	5,051
NET CURRENT ASSETS	**323,642**	369,966
TOTAL ASSETS LESS CURRENT LIABILITIES	**335,514**	381,838
CAPITAL AND RESERVES		
Share capital	**67,881**	67,881
Reserves	**267,633**	313,957
TOTAL EQUITY	**335,514**	381,838

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

Movement in reserves:

	Share premium RMB'000	Exchange reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 1 January 2021	193,956	–	(16,776)	177,180
Loss and total comprehensive expense for the year	–	(9,556)	(16,053)	(25,609)
Issue of new shares	187,086	–	–	187,086
Dividend recognised as distribution	(24,700)	–	–	(24,700)
At 31 December 2021	356,342	(9,556)	(32,829)	313,957
Profit and total comprehensive income for the year	–	33,529	3,775	37,304
Dividend recognised as distribution	(83,628)	–	–	(83,628)
At 31 December 2022	272,714	23,973	(29,054)	267,633

35. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to banks for loan facilities granted to the Group:

	2022 RMB'000	2021 RMB'000
Property, plant and equipment	**40,723**	38,932
Right-of-use assets	**23,442**	24,088
Mining right	**10,491**	11,557
	74,656	74,577

36. CAPITAL COMMITMENTS

	2022 RMB'000	2021 RMB'000
Capital expenditure in respect of:		
– acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**6,752**	51,146

37. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs (with a cap in accordance with the statutory requirements) to the Scheme, which contribution is matched by employees.

The Group participates in a state-managed defined contribution retirement scheme organised by the relevant local government authorities in the PRC. PRC employees of the Group eligible to participate in the retirement scheme are entitled to retirement benefits from the scheme. The Group is required to make monthly contributions to the retirement scheme of the eligible employees at specified percentage, ranging from 12% to 20%, of the payroll and the local government authority is responsible for the pension liabilities to these employees upon their retirement.

No forfeited contribution under the MPF Scheme or state-managed defined contribution retirement benefits schemes was utilised during the year or available to reduce the contribution payable in future years.

During the year, the retirement benefit scheme contributions amounted to approximately RMB2,599,000 (2021: RMB2,459,000).

38. RELATED PARTY TRANSACTIONS

(a) *Related party balances and transactions*

Details of the balances with related parties as at 31 December 2022 and 2021 are set out in the consolidated statement of financial position and in note 28.

In addition, certain of the Group's bank borrowing as set out in note 30 as at 31 December 2022 and 2021 were personally guaranteed by Mr. Gao Mingqing and Ms. Gao Jinzhu.

(b) *Compensation of key management personnel*

The remuneration of directors of the Company and other key management personnel during the year were as follows:

	2022	2021
	RMB'000	RMB'000
Fees, salaries and other allowances	**7,418**	6,712
Discretionary bonuses	**496**	75
Retirement benefit scheme contributions	**289**	251
	8,203	7,038

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which mainly include bank borrowings (note 30), and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issue and the issue of new debt or the redemption of existing debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or process for managing capital during the years ended 31 December 2022 and 2021.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 **RMB'000**	2021 RMB'000
Financial assets:		
Amortised cost	**136,364**	131,954
Financial liabilities:		
Amortised cost	**371,411**	269,008

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, restricted bank balances, trade and other payables, consideration payable to a former non-controlling shareholder of a subsidiary, amounts due to related parties, lease liabilities and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with the financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Other than the subsidiaries incorporated in Australia whose functional currency is the AU$ and the subsidiaries incorporated in the Solomon Islands whose functional currency is Solomon Islands dollar, the functional currency of the Company and its subsidiaries incorporated in the PRC and Hong Kong is RMB since all of the revenue of these entities is derived from operations in the PRC and denominated in RMB.

The Group's exposure to foreign currency risk related primarily to certain bank balances and other receivables maintained in HK$, AU$ and US$.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Currency risk *(Continued)*

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2022	2021
	RMB'000	RMB'000
Assets		
HK$	**550**	481
AU$	**197**	17
US$	**3,377**	2
Liabilities		
HK$	**7,514**	7,879
AU$	**1,956**	–

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2021: 5%) increase or decrease in RMB against HK$, AU$ and US$. 5% (2021: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts their translation at the year end for a 5% (2021: 5%) change in foreign currency rates.

	2022	2021
	RMB'000	RMB'000
HK$ impact:		
5% decrease in the value of the functional currency RMB		
Decrease in post-tax profit for the year	**(261)**	(277)
5% increase in the value of the functional currency RMB		
Increase in post-tax profit for the year	**261**	277
AU$ impact:		
5% decrease in the value of the functional currency RMB		
(Decrease)/increase in post-tax profit for the year	**(66)**	1
5% increase in the value of the functional currency RMB		
Increase/(decrease) in post-tax profit for the year	**66**	(1)
US$ impact:		
5% decrease in the value of the functional currency RMB		
Increase in post-tax profit for the year	**127**	–
5% increase in the value of the functional currency RMB		
Decrease in post-tax profit for the year	**(127)**	–

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the relevant year.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate restricted bank balance (note 22) and bank borrowings (note 30).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 22) and bank borrowings (note 30).

The Group's cash flow interest rate risk on its bank balances is limited because these balances carry interest at prevailing rates and they are of short maturity.

The Group's exposures to interest rates on bank borrowings are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of Hong Kong Interbank Offered Rate arising from the Group's HKD denominated borrowing.

The Group currently does not have an interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. The directors monitor the Group's exposure on an on-going basis and will consider hedging the interest rate should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances and bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points increase or 50 basis points decrease (2021: 50 basis points increase or decrease) represents management's assessment of the reasonably possible change in interest rates.

If interest rates on bank balances and bank borrowings had been 50 basis points (2021: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2022 would decrease/increase by approximately RMB503,400 (2021: RMB51,700).

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bills receivables, bank balances and other receivables and deposits. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

The Group has concentration of credit risk in respect of trade receivables with approximately 42% of total trade receivables as at 31 December 2022 (2021: 49%) was due from one customer. The Group believes that the amount is considered recoverable after taking into account the subsequent settlement after the year end, credit history of the customer and forward-looking information.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables *(Continued)*

The Group has concentration of credit risk by geographical location as the majority of its trade receivable as at 31 December 2022 and 2021 were in the PRC.

In order to minimise the credit risk, the Group's current credit practices include assessment and evaluation of customers' credit reliability and periodically review of their financial status to determine credit limit to be granted. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade receivables collectively for those with similar credit risk characteristics based primarily on the trade debtors' aging profiles. The Group has been exploring new customers in order to reduce the concentration of credit risk.

Bills receivables

The credit risk associated with bills receivables, which are all bank acceptance drafts, is limited because the accepting bank will cash the bills unconditionally when the Group presents these bills on due dates.

Bank balances

The credit risk of the Group on liquid funds is limited because the majority of the counterparties are international banks and state-owned banks with good reputation.

Other receivables and deposits

The credit risk on other receivables is also limited because of the historical settlement record, past experience, and also quantative and qualitative information that is reasonable and supportive forward-looking information.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2022	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000
Financial assets at amortised costs				
Bank balances and cash and restricted bank balances	22	**N/A**	**12-months-ECL**	**71,422**
Trade receivables	24	**(note i)**	**Lifetime ECL**	**13,151**
Other receivables	24	**(note ii)**	**12-months-ECL**	**51,791**

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

2021	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000
Financial assets at amortised costs				
Bank balances and cash and restricted bank balances	22	N/A	12-months-ECL	118,964
Bills receivables	24	N/A	12-months-ECL	2,704
Trade receivables	24	(note i)	Lifetime ECL	2,057
Other receivables	24	(note ii)	12-months-ECL	8,229

Notes:

(i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items base on the Group's historical default rates taking into consideration forward-looking information. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

(ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2022 and 2021, these balances are either not past due or doesn't have fixed repayment. The Group determines the ECL on these items by historical default rate and adjusts for forward-looking information.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, undrawn banking facilities and other debt financing instruments, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In preparing the consolidated financial statements, the management of the Group has given careful consideration to the liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB64,546,000 as at 31 December 2022, and have taken into considerations of the measurements and sources of liquidity as set out in details in note 1. The directors of the Company consider the Group's liquidity risk is minimal.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date, which is also the agreed repayment date, on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

The amounts included below for variable rate instruments for non-derivative financial liabilities are subject to change if changes in variable rates differ to those estimates of interest rates determined at the end of the reporting period.

	Weighted average effective interest rate %	On demand/ less than 3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2022						
Non-derivative financial liabilities						
Trade and other payables	–	119,922	–	–	119,922	119,922
Amounts due to related parties	–	3,894	–	–	3,894	3,894
Consideration payable to a former non-controlling shareholder of a subsidiary	–	57,936	–	–	57,936	57,936
Lease liabilities	8.39	86	136	–	222	215
Bank borrowings						
– fixed rate	5.21	130,902	60,882	–	191,784	187,000
– floating rate	2.21	2,444	–	–	2,444	2,444
		315,184	61,018	–	376,202	371,411
As at 31 December 2021						
Non-derivative financial liabilities						
Trade and other payables	–	76,758	–	–	76,758	76,758
Amounts due to related parties	–	5,861	–	–	5,861	5,861
Consideration payable to a former non-controlling shareholder of a subsidiary	–	57,936	–	–	57,936	57,936
Lease liabilities	8.39	76	232	203	511	474
Bank borrowings						
– fixed rate	5.60	26,645	64,381	38,630	129,656	125,300
– floating rate	1.91	2,679	–	–	2,679	2,679
		169,955	64,613	38,833	273,401	269,008

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity tables *(Continued)*

Bank borrowings with a repayment on demand clause are included in the "on demand/less than 3 months" time band in the above maturity analysis. As at 31 December 2022, the aggregate amounts of these bank borrowings amounted to approximately RMB2,444,000 (2021: RMB2,679,000).

For the purpose of managing liquidity risk, management reviewed the expected cash flow information of the Group's bank loans with a repayment on demand clause based on the scheduled repayment dates set out in the agreement as below:

	On demand/ less than 3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2022						
Bank borrowings with a repayment on demand clause	**137**	**412**	**2,059**	**–**	**2,608**	**2,444**
As at 31 December 2021						
Bank borrowings with a repayment on demand clause	123	370	1,975	371	2,839	2,679

The amounts included above for floating interest rate instruments for non-derivative financial liabilities are subject to change if changes in floating interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments that are recorded at amortised cost

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000	Bank borrowings RMB'000	Interest payable (included in other payables) RMB'000	Amounts due to related parties RMB'000	Dividend payable RMB'000	Consideration payable to a former non-controlling shareholder of a subsidiary RMB'000	Total RMB'000
At 1 January 2021	205	107,707	–	29,148	–	57,936	194,996
Financing cash flows	(313)	13,752	(978)	(23,140)	(24,700)	–	(35,379)
Non-cash changes							
Interest expenses	17	6,611	978	–	–	–	7,606
Addition of lease liabilities	575	–	–	–	–	–	575
Effect of foreign currency exchange differences	(10)	(91)	–	(147)	–	–	(248)
Dividend declared	–	–	–	–	24,700	–	24,700
At 31 December 2021	474	127,979	–	5,861	–	57,936	192,250
Financing cash flows	(323)	52,009	–	(2,325)	(83,628)	–	(34,267)
Non-cash changes							
Interest expenses	31	9,208	5,250	–	–	–	14,489
Effect of foreign currency exchange differences	33	248	–	358	–	–	639
Dividend declared	–	–	–	–	83,628	–	83,628
At 31 December 2022	215	189,444	5,250	3,894	–	57,936	256,739

42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries directly and indirectly held by the Company as at 31 December 2022 and 2021 are as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group		Principal activities
			2022	2021	
Directly owned					
Multinational International Holdings Limited	British Virgin Islands	US$50,000	**100%**	100%	Investment holding
Indirectly owned					
HK Taylor	Hong Kong	HK$86,900,000	**100%**	100%	Investment holding
Yifeng Wanguo (note 3)	The PRC	RMB268,990,000	**100%**	100%	Mining and processing of ores and sales of processed concentrates
Xizang Changdu	The PRC	RMB195,000,000	**51%**	51%	Exploration of mineral resources
Wanguo Australia	Australia	AU$1,000	**100%**	100%	Exploration of mineral resources
Wanguo Ascendant Holding Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
Mega Harvest International Development Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
AXF Gold Ridge Pty Ltd	Australia	AU$1,000	**77.78%**	77.78%	Investment holding
Gold Ridge Mining Limited	Solomon Islands	AU$81,343,000	**70%**	70%	Exploration of mineral resources

Notes:

1. The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

2. None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

3. It was a sino-foreign equity joint venture enterprise with limited liability, and became a wholly foreign owned enterprise since 27 April 2012.

43. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

Summarised financial information in respect of Xizang Changdu and AXF Gold Ridge Pty Ltd ("**AXF Gold Ridge**"), which the Group has material non-controlling interests, is set out below. The summarised financial information of Xizang Changdu and consolidated financial information of AXF Gold Ridge and its subsidiaries prepared in accordance with the significant accounting policies of the Group are as follows:

Xizang Changdu

Financial information of statement of profit or loss and other comprehensive income

	2022	2021
	RMB'000	RMB'000
Other income	**1**	–
Expenses and taxation	**(286)**	(109)
Impaired loss on exploration and evaluation assets	–	(4,317)
Impaired loss on other intangible asset	–	(7,123)
Loss before taxation	**(285)**	(11,549)
Income tax credit	–	1,781
Loss for the year	**(285)**	(9,768)
Loss and other comprehensive expense for the year attributable to:		
Equity holders of the Company	**(145)**	(4,982)
Non-controlling interests of the Group	**(140)**	(4,786)
	(285)	(9,768)

AXF Gold Ridge Pty Ltd

Financial information of consolidated statement of profit or loss

	2022	2021
	RMB'000	RMB'000
Revenue	**47,959**	–
Other gain or loss	**(752)**	1,890
Expenses and taxation	**(82,816)**	(25,243)
Loss for the year	**(35,609)**	(23,353)
Loss for the year attributable to:		
Equity holders of the Company	**(24,927)**	(16,347)
Non-Controlling interests of the Group	**(10,682)**	(7,006)
	(35,609)	(23,353)

43. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Xizang Changdu

Financial information of statement of financial position

	2022 RMB'000	2021 RMB'000
Non-current assets	**503,417**	501,581
Current assets	**784**	349
Current liabilities	**(6,819)**	(4,264)
Non-current liabilities	**(78,041)**	(78,041)
	419,341	419,625
Equity attributable to:		
Equity holders of the Company	**213,864**	214,009
Non-controlling interests of the Group	**205,477**	205,616
	419,341	419,625

Financial information of statement of cash flows

	2022 RMB'000	2021 RMB'000
Net cash inflow from operating activities	**2,553**	2,806
Net cash outflow from investing activities	**(1,917)**	(2,720)
Net cash inflow	**636**	86

AXF Gold Ridge Pty Ltd

Financial information of consolidated statement of financial position

	2022 RMB'000	2021 RMB'000
Non-current assets	**639,700**	488,323
Current assets	**193,123**	53,654
Current liabilities	**(313,286)**	(145,193)
Non-current liabilities	**(200,680)**	(123,959)
	318,857	272,825
Equity attributable to:		
Equity holders of the Company	**223,200**	190,977
Non-controlling interests of the Group	**95,657**	81,848
	318,857	272,825

Summary Financial Information

RESULTS

	For the year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**681,418**	2,014,395	1,394,144	311,155	320,669
Profit before tax	**209,222**	220,945	100,908	65,450	85,660
Income tax expenses	**(39,504)**	(39,305)	(16,021)	(10,044)	(13,802)
Profit for the year	**169,718**	181,640	84,887	55,406	71,858
Profit attributable to owners of the Company	**180,540**	193,432	86,711	55,539	72,145

	As at 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**1,615,487**	1,504,047	1,350,379	1,213,461	1,171,991
Current assets	**422,476**	294,713	103,859	50,023	65,612
Current liabilities	**487,022**	(330,960)	(310,118)	(288,767)	(298,773)
Total assets less current liabilities	**1,550,941**	1,467,800	1,144,120	974,717	938,830
Non-current liabilities	**(101,342)**	(140,389)	(144,736)	(144,210)	(143,529)
Non-controlling interests	**(301,134)**	(287,464)	(286,795)	(210,443)	(210,576)
Equity attributable to owners of the Company	**1,148,465**	1,039,947	712,589	620,064	584,725