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

Annual Report 2023

Integrate Resources,
Create Values,
Build Benefits
And Contribute To The Society

Content

Corporate Information

DIRECTORS

Executive Directors:

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

Independent non-executive Directors:

Tsang Wai Hung
Wong Chi Ming Ming
Wang Xin

AUDIT COMMITTEE

Tsang Wai Hung *(Chairman)*
Wong Chi Ming Ming
Wang Xin

REMUNERATION COMMITTEE

Wong Chi Ming Ming *(Chairman)*
Liu Zhichun
Wang Xin

NOMINATION COMMITTEE

Tsang Wai Hung *(Chairman)*
Wong Chi Ming Ming
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

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place,
103 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

KTC Partners CPA Limited
Certified Public Accountants
1305-07, 13/F., New East Ocean Centre,
9 Science Museum Road,
Tsimshatsui East, Kowloon,
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 2023.

For the year ended 31 December 2023, the Group mined 1,076,021 tonnes of ores in our Xinzhuang Mine, of which it sold copper in copper concentrates of 3,709 tonnes, iron concentrates of 80,938 tonnes, zinc in zinc concentrates of 8,390 tonnes, sulfur concentrates of 238,580 tonnes, lead in lead concentrates of 1,721 tonnes, sulfur and iron concentrates of 46,736 tonnes, gold of 241 kg, silver of 12,403, copper of 360 kg and zinc of 310 kg. The Group also mined 1,466,571 tonnes of ores in our Gold Ridge Mine, of which it sold 1,142.90 kg gold doré and 23,638.83 tonnes of gold concentrates. We achieved revenue of RMB1,315.2 million, gross profit of RMB619.2 million and profit attributable to owners of the Company of RMB335.4 million.

Xinzhuang Mine in Jiangxi Province has achieved a stable production scale for three consecutive years, and has attained a new level of technological research and development and innovation level. This results in creating a "boutique mine" and pursuing further quality improvement and efficiency enhancement.

Our Gold Ridge Mine in Solomons Islands has overcome a series of difficulties at the end of last year, by focusing on production and equipment and process adjustment and transformation, the production efficiency continues to improve. Looking forward, our Gold Ridge Mine will become one of world-class gold mines, after gaining a deeper and more comprehensive understanding of the mine in the past years. After the first phase of production, we will carry out the second phase of expansion, which will contribute continuous, stable and efficient performance growth to the group!

The "exploration to mining" procedures for the Walege lead-silver mine in Tibet have made substantial progress. We strive to submit all the pre-approval materials for mining license to the government approval department in the first quarter of 2024. This large-scale and high-quality lead-silver mine will add a new momentum to the Group's subsequent growth.

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
18 March 2024

Management Discussion and Analysis

MARKET REVIEW

Copper

In 2023, major Western economies such as Europe and the United States experienced sustained high inflation, with an extended period of interest rate hikes for the US dollar. At the same time, global refined copper production saw significant growth driven by China. Despite the boost from the high growth in the new energy industry, copper consumption was still hindered by the drag from traditional manufacturing, leading to an oversupply of refined copper globally. As a result, copper prices showed a trend of overall fluctuation and decline after reaching a peak in January. The highest price for London Metal Exchange (LME) copper was US$9,550 in mid-January, and the lowest was US$7,856 in late October, rebounding to above US$8,500 by the end of the year. Meanwhile, Shanghai Future Exchange (SHFE) copper, influenced by a significant depreciation of the Chinese yuan in the second half of the year, exhibited a pattern of fluctuation at high levels, with the highest price at RMB71,500 in mid-January and the lowest at RMB62,690 in late May, mostly fluctuating within the range of RMB66,000 to RMB70,000 during the year.

MARKET REVIEW *(Continued)*

Iron

In 2023, the iron ore market experienced significant fluctuations, initially dropping and then rising. From January to March, optimistic market expectations following the relaxation of pandemic control measures led to a continuous increase in iron ore prices. However, by the end of March, steel demand did not pick up as expected during the traditional peak season, coupled with lower-than-expected demand and increased macroeconomic risks overseas, resulting in a sharp decline in iron ore prices as steel mill profits turned negative.

After entering May, market expectations of policy implementation, along with the recovery of steel mill profits after production cuts, a rebound in iron production, deep discounts in iron ore futures, and the anticipation of policy measures, led to a bottoming out and rebound in iron ore prices.

By July, iron production remained high, and there were rumors of implementing controls on crude steel production, causing a significant drop in iron ore prices. However, the rumors were later proven false, and with high iron production, low steel mill inventories, continuous decline in port inventories, and frequent positive macroeconomic news, iron ore prices continued to rise, reaching new highs.

Zinc

At the beginning of the year, the LME three-month zinc price opened at US$2,992 per ton. Data released by the United States fueled market expectations of a slower pace of interest rate hikes by the Federal Reserve, causing the US dollar index to decline and zinc prices to rise to a year-high of US$3,512 per ton. Subsequently, the turmoil in Silicon Valley banks and the crisis at Credit Suisse, combined with the Federal Reserve signaling continued interest rate hikes, a series of economic data releases, and the impact of the US debt crisis, led to a rise in market risk aversion. The US dollar index climbed, and London zinc prices consecutively fell to a yearly low of US$2,215 per ton in May 2023. As a large new mine, the Ozer lead-zinc mine in Russia, caught fire, concerns about the supply side emerged. Meanwhile, US inflation rate grew slower than expected, and retail data exceeded expectations, providing support for an economic soft landing. The US dollar index plummeted, and zinc prices stabilized, ultimately closing at US$2,662 per ton. The average price of LME three-month zinc in 2023 was US$2,651 per ton, a 23% decrease compared to the previous year.

MARKET REVIEW *(Continued)*

Lead

In 2023, the enthusiasm for fund participation increased, coupled with the rising production costs in the lead industry chain, leading to increased volatility in lead prices. The LME March lead futures showed wide fluctuations around inventory liquidity risks, with greater volatility than Shanghai lead. At the beginning of 2023, as the Bloomberg Commodity Index (BCOM) fund's positioning neared completion and the market's expectations for the Fed's slowing interest rate hikes diminished, London lead fluctuated weaker. The March "Silicon Valley Bank Collapse" triggered concerns about a crisis in the European and American banking industry, causing panic and denting confidence in the non-ferrous market. In addition, the strong stickiness of the inflation index announced by the United States in May 2023, coupled with hawkish comments from Fed officials on interest rate hikes, supported the rebound of the US dollar index, leading to further decline in London lead, reaching a low of US$1,976 per ton. However, due to the historical low levels of LME lead inventories and the continuous increase in concentration of positions, LME 0-3 spot premiums rose, forming resonance with the fundamentals and funds, pushing LME lead prices to a high of US$2,308.5 per ton. At the end of 2023, LME inventories continued to rise, with high positions falling, and the position-to-inventory ratio also dropping to a low level, gradually alleviating liquidity risks, ultimately closing at US$2,067 per ton, a 9.8% decrease year-on-year. In 2023, the average price of LME March lead futures was US$2,128 per ton, a 0.8% decrease year-on-year; during the same period, the average price of LME spot lead was US$2,137 per ton, a 0.7% decrease year-on-year.

Gold and Silver

In 2023, Commodity Exchange (COMEX) gold futures recorded overall gains in the first and fourth quarters, with some pullback in the second and third quarters. However, the overall trend for the year remained at a high level.

Specifically, in the first quarter, a sudden crisis in the European and American banking industry pushed up the price of gold, with COMEX gold futures briefly surging to US$2,083.8 per ounce, marking the first historical high of the year.

In the second and third quarters, as market risk events were digested and US inflation data continued to decline, the gold price retreated from its high levels and came under pressure, with a cumulative decline of over 8% due to ongoing disturbances in interest rate expectations.

However, in the fourth quarter, geopolitical tensions resurged, leading to a significant surge in gold prices and another historical high. On 4 December 2023, the price reached US$2,152.3 per ounce, setting a new record once again.

Due to limited supply, the silver market experienced a record supply deficit in 2022. Therefore, as we entered 2023, there were high hopes for the silver market. Some silver forecasters predicted that silver would outperform gold, partly due to the demand growth brought about by decarbonization trends. However, the situation was not as expected due to the ongoing struggle with high inflation. Throughout the year, silver trading continued to rely mainly on the same market forces as gold, including the turmoil in the US banking sector this spring, the Federal Reserve's attempts to control inflation, especially with interest rate hikes in February, March, May, and July, and the unstable situation in the Middle East at the end of the year.

In the end, silver basically returned to its level at the beginning of the year, with only a slight increase of 0.33% as of 19 December 2023.

Management Discussion and Analysis

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 Xinzhuang Mine 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 Group has commenced the trial production since November 2022. Products of Gold Ridge Mine include gold doré and gold concentrates.

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.

Yifeng Wanguo has improved wastewater treatment facilities, resulting in emission concentrations of thallium fluoride below 2 microgram/L (well-below industry standard). It has obtained a 900,000 tpa safety production permit issued by the Emergency Management Department Jiangxi Province (江西省應急管理廳) in May 2023 with the mine's mining permit extended to the depth of -500m.

Walege Mine

During 2023, the Group organised several rounds of panel discussion in reviewing the draft Environmental Protection and Land Reclamation Programme of Walege Mine prepared by the external consultant. The Group launched and appointed consultants to prepare a soil and water conservation programme (水土保持方案) and a safety pre-evaluation report (工程安全預評價報告) etc for its intended mining and processing activities. In addition, the Group has completed a Social Stability Evaluation Report (社會穩定性評價報告) and submitted to the Political and Legal Committee of the Karuo District (卡若區政法委) for review.

Gold Ridge Mine

The Group, through our wholly-owned subsidiaries, own 70% of equity interest in the Gold Ridge Mine which has a substantial volume of gold mineral resources and commenced trial production last year.

Flotation production has been steadily ramping up towards its design capacity during this trial production phase. Plant modification and upgrade continued to improve the metallurgy process. Installation of additional crushing, grinding and Knelson gravity circuits is expected to complete by June 2024. Construction of the tailings dry stack facility is progressing well, with the first phase completed and operational in 2023, and the second phase expected to be completed by the first quarter of 2024.

Management Discussion and Analysis

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.

ENTERING INTO AN EPC CONTRACT FOR CONSTRUCTION OF A SECONDARY HYDROPOWER STATION AT GOLD RIDGE MINING LIMITED SITE

On 6 March 2024, Gold Ridge Mining Limited ("**GRML**"), an indirect non-wholly owned subsidiary of the Company which owns the Gold Ridge Mine in Solomon Islands, entered into an Engineering, Procurement and Construction Contract (the "**EPC Contract**") with Jiangxi Water and Hydropower Construction Group Co., Ltd.* (江西省水利水電建設集團有限公司) ("**Contractor**") in respect of the construction of a secondary hydropower station at the Gold Ridge Mining Limited Site (the "**Site**") (the "**EPC Project**").

The estimated installed capacity of the hydropower plant is 12MW, with a multi-year average generating capacity of 50,200MWh and installed annual utilisation hours of 4,183 hours. The hydropower plant mainly consists of dam, water conveyance structure (including intake, settling basin, tunnel, open channel, forebay and penstock), powerhouse and local grid.

The contract price for the EPC Project is approximately USD47.27 million. The EPC Project is scheduled to commence on 23 March 2024 or upon the full satisfaction of the conditions precedent, whichever date is later ("**Commencement Date**") and be completed in 36 months from the Commencement Date.

The GRML has commenced trial production of gold doré and gold concentrates since November 2022 and 2023 respectively. Such gold production has contributed substantial revenue and profits to the Group. As the Site is outside Solomon Islands' electricity grid, the Group is currently self-generating power via its own diesel generators for production. To lower the energy cost, reduce the carbon footprint, and to fully utilise the high rainfall and local hydropower resources, the Board considered it beneficial and more energy sustainable to construct a self-use hydropower station for the Employer's long-term operation.

This will not only result in more efficient energy production, but also enhance the Group's environmental, social and governance ("**ESG**") performances. It is expected that the newly constructed hydropower station will provide carbon free energy to Gold Ridge Mine and have the potential of supplying excess power to surrounding communities as part of the Group's community development programs.

Please refer to the Company's announcement dated 6 March 2024 and 8 March 2024 for details.

MINERAL RESOURCES AND RESERVES

The Xinzhuang Mine Mineral Resource Summary – as at 31 December 2023

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	4,256	0.77	–	–	–	–	32.77	–	–	–	–
	Indicated	10,611	0.70	–	–	–	–	74.28	–	–	–	–
	Subtotal	**14,867**	**0.72**	**–**	**–**	**–**	**–**	**107.05**	**–**	**–**	**–**	**–**
	Inferred	730	0.48	–	–	–	–	3.47	–	–	–	–
	Total	**15,597**	**0.71**	**–**	**–**	**–**	**–**	**110.52**	**–**	**–**	**–**	**–**
Fe-Cu	Measured	1,469	0.19	–	–	44.17	30.97	2.74	–	–	648.98	455.02
	Indicated	2,519	0.34	–	–	39.59	24.25	8.57	–	–	997.46	611.01
	Subtotal	**3,988**	**0.28**	**–**	**–**	**41.28**	**26.73**	**11.31**	**–**	**–**	**1,646.44**	**1,066.03**
	Inferred	238	0.53	–	–	44.13	31.03	1.27	–	–	105.03	73.84
	Total	**4,226**	**0.30**	**–**	**–**	**41.44**	**26.97**	**12.58**	**–**	**–**	**1,751.47**	**1,139.87**
Cu-Pb-Zn	Measured	1,199	0.13	0.95	5.17	–	–	1.57	11.39	61.96	–	–
	Indicated	1,641	0.09	1.88	3.70	–	–	1.43	30.88	60.71	–	–
	Subtotal	**2,840**	**0.10**	**1.49**	**4.32**	**–**	**–**	**3.00**	**42.27**	**122.67**	**–**	**–**
	Inferred	279	0.13	0.39	4.44	–	–	0.35	1.10	12.37	–	–
	Total	**3,119**	**0.11**	**1.39**	**4.33**	**–**	**–**	**3.35**	**43.37**	**135.04**	**–**	**–**
Total	Measured	6,924	–	–	–	–	–	37.08	11.39	61.96	648.98	455.02
	Indicated	14,771	–	–	–	–	–	84.28	30.88	60.71	997.46	611.01
	Subtotal	**21,695**	**–**	**–**	**–**	**–**	**–**	**121.36**	**42.27**	**122.67**	**1,636.44**	**1,066.03**
	Inferred	1,247	–	–	–	–	–	5.09	1.10	12.37	105.03	73.84
	Total	**22,942**	**–**	**–**	**–**	**–**	**–**	**126.45**	**43.37**	**135.04**	**1,751.47**	**1,139.87**

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 2023.

MINERAL RESOURCES AND RESERVES *(Continued)*

The Xinzhuang Mine Ore Reserve Summary – as at 31 December 2023

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	2,930	0.77	–	–	–	–	22.56	–	–	–	–
	Probable	3,400	0.66	–	–	–	–	22.61	–	–	–	–
	Total	**6,330**	**0.71**	**–**	**–**	**–**	**–**	**45.17**	**–**	**–**	**–**	**–**
Fe-Cu	Proved	1,638	0.21	–	–	37.19	32.55	3.40	–	–	608.95	533.03
	Probable	985	0.32	–	–	23.17	19.31	3.17	–	–	228.30	190.32
	Total	**2,623**	**0.25**	**–**	**–**	**31.92**	**27.58**	**6.57**	**–**	**–**	**837.25**	**723.35**
Cu-Pb-Zn	Proved	706	0.08	0.89	5.03	–	–	0.60	6.29	35.53	–	–
	Probable	251	0.04	1.35	2.92	–	–	0.09	3.38	7.30	–	–
	Total	**957**	**0.07**	**1.01**	**4.48**	**–**	**–**	**0.69**	**9.67**	**42.83**	**–**	**–**
Total	Proved	5,274	–	–	–	–	–	26.56	6.29	35.53	608.95	533.03
	Probable	4,636	–	–	–	–	–	25.85	3.38	7.30	228.30	190.32
	Total	**9,910**	**–**	**–**	**–**	**–**	**–**	**52.41**	**9.67**	**42.83**	**837.25**	**723.35**

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 2023.

MINERAL RESOURCES AND RESERVES *(Continued)*

The Walege Mine Mineral Resource Summary – as at 31 December 2023 Grade Tonnage Reported above a Cut-off Grade of 2.5% Pb

JORC Mineral Resource Category	Tonnes (Mt)	Grade (Pb%)	Ag (g/t)	Lead Metal (1,000t)	Silver Metal (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 2023.

MINERAL RESOURCES AND RESERVES *(Continued)*

Gold Ridge Mine Resources Summary – as at 31 December 2023 at 0.6 g/t Au cut-off grade

JORC Mineral Resource Category	Tonnes (Mt)	Gold Grade (g/t Au)	Contained Gold (k oz Au)	As (ppm)*	Cu (ppm)*	S (%)*
Measured	21.2	1.33	904	210	82	1.51
Indicated	19.7	1.35	854	113	87	1.43
Inferred	31.1	1.55	1,551	78	91	1.47
Total**	**72.0**	**1.43**	**3,309**	**126**	**87**	**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.

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 2023.

Gold Ridge Mine Ore Reserves Summary as at 31 December 2023

Ore Reserve Class	Tonnes (Mt)	Gold Grade (g/t Au)	Contained Gold (k oz Au)
Proven	**18.2**	**1.33**	**773.9**
Probable	**10.5**	**1.31**	**443.6**
	28.7	**1.32**	**1,217.5**

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 grad and tonnage dilution were incorporated through the use of an Ordinary Kriged Resource Model. Approximately 1% dilution to the ore with a commensurate 5% loss in contained metal was added to allow for the specific mining unit at the operation.

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 2023.

FINANCIAL REVIEW

	Year ended 31 December					
	Concentrates products, gold doré and gold concentrates (own mined) RMB'000	**Trading of other concentrate (sourced outside) RMB'000**	**2023 Total RMB'000**	Concentrates products and gold doré (own mined) RMB'000	Trading of electrolytic copper and other concentrate (sourced outside) RMB'000	2022 Total RMB'000
Revenue	**1,230,872**	**84,345**	**1,315,217**	631,942	49,476	681,418
Cost of sales	**(611,983)**	**(83,997)**	**(695,980)**	(316,323)	(49,411)	(365,734)
Gross profit	**618,889**	**348**	**619,237**	315,619	65	315,684
Gross profit margin	**50.3%**	**0.41%**	**47.1%**	49.9%	0.13%	46.3%

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

The Group's overall revenue increased by approximately 93.0% from approximately RMB681.4 million in 2022 to approximately RMB1,315.2 million in 2023, which was primarily due to the increase in sales generated by our Gold Ridge Mine. Our cost of sales increased by approximately 90.3% from approximately RMB365.7 million in 2022 to approximately RMB696.0 million in 2023 which was mainly driven by the corresponding increase in sales from our Gold Ridge Mine.

The overall gross profit of the Group increased by approximately 96.1% from approximately RMB315.7 million for the year ended 31 December 2022 to approximately RMB619.2 million for the year ended 31 December 2023. The overall gross profit margin increased from approximately 46.3% for the year ended 31 December 2022 to approximately 47.1% for the year ended 31 December 2023. Such increase was mainly resulted from the increase in gross profit margin of our Gold Ridge Mine.

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

	Year ended 31 December					
	Xinzhuang Mine Concentrated products RMB'000	**Gold Ridge Mine gold doré and gold concentrates RMB'000**	**2023 Total RMB'000**	Xinzhuang Mine Concentrated products RMB'000	Gold Ridge Mine gold doré RMB'000	2022 Total RMB'000
Revenue	**572,556**	**658,316**	**1,230,872**	583,983	47,959	631,942
Cost of sales	**(287,351)**	**(324,632)**	**(611,983)**	(274,756)	(41,567)	(316,323)
Gross profit	**285,205**	**333,684**	**618,889**	309,227	6,392	315,619
Gross profit margin	**49.8%**	**50.7%**	**50.3%**	53.0%	13.3%	49.9%

FINANCIAL REVIEW *(Continued)*

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

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

Xinzhuang Mine – concentrates products

Revenue from sales of concentrates products decreased by approximately 2.0% from approximately RMB584.0 million for the year ended 31 December 2022 to approximately RMB572.6 million for the year ended 31 December 2023.

For the year ended 31 December 2023, we sold 3,709 tonnes of copper in copper concentrates, 80,938 tonnes of iron concentrates and 8,390 tonnes of zinc in zinc concentrates, compared to 4,109 tonnes, 95,624 tonnes and 6,356 tonnes respectively for the year ended 31 December 2022, representing decreases of approximately 9.7% and 15.4% for copper in copper concentrates and iron concentrates respectively which were principally due to the temporarily suspension for upgrading copper-iron processing plant in response to new environmental protection requirements, and an increase of approximately 32.0% for zinc in zinc concentrates attributable to the completion of lead-zinc processing plant.

The average prices of copper in copper concentrates, iron concentrates and zinc in zinc concentrates in 2023 were RMB53,557, RMB718 and RMB12,600 per tonne respectively, compared to RMB53,720, RMB738 and RMB16,320 per tonne respectively in 2022, representing decreases of approximately 0.3%, 2.7% and 22.8% respectively, resulting from the demand recovers more slowly than expected in China which led to a decline in prices.

The cost of sales of concentrates products increased by approximately 4.6% from approximately RMB274.8 million in 2022 to approximately RMB287.4 million in 2023, which was mainly driven by the increase the usage of various types of chemical products in compliance of the environmental protection requirements and the depreciation increased as the reconstruction and expansion plan of 900,000 tpa have been completed by end of 2022.

The gross profit of concentrates products for the year ended 31 December 2023 was approximately RMB285.2 million, representing a decrease of approximately 7.8% compared to approximately RMB309.2 million for the year ended 31 December 2022. The gross profit margin decreased from approximately 53.0% for the year ended 31 December 2022 to approximately 49.8% for the year ended 31 December 2023. Such decrease was mainly attributable to the decrease in average price of concentrates.

Gold Ridge Mine – gold doré and gold concentrates

Our Gold Ridge Mine exported gold doré from the heap leach operation starting from November 2022 and also exported gold concentrates from flotation operation starting from February 2023.

Revenue from sales of gold doré and gold concentrates for the year ended 31 December 2023 was approximately RMB658.3 million and the cost of sales was approximately RMB324.6 million, resulting in a gross profit of approximately RMB333.7 million and gross profit margin of approximately 50.7% for the year ended 31 December 2023.

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

Revenue from trading of other concentrates (2022: electrolytic copper and other concentrates) increased by approximately 70.3% from approximately RMB49.5 million for the year ended 31 December 2022 to approximately RMB84.3 million for the year ended 31 December 2023. The corresponding cost of sales increased by approximately 70.0% from approximately RMB49.4 million for the year ended 31 December 2022 to approximately RMB84.0 million for the year ended 31 December 2023.

The gross profit increased by approximately 435.4% from approximately RMB65,000 for the year ended 31 December 2022 to approximately RMB348,000 for the year ended 31 December 2023. The gross profit margin increased from approximately 0.13% for the year ended 31 December 2022 to approximately 0.41% for the year ended 31 December 2023. The increase in gross profit and gross profit margin was mainly attributable to higher profit margin from sale of other concentrates than sales of electrolytic copper.

FINANCIAL REVIEW *(Continued)*

Other income

Our other income mainly comprised bank interest income of approximately RMB3.8 million, incentives received from governmental authorities of approximately RMB1.4 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 2023. Other income increased by approximately RMB3.3 million as compared with 2022, which was mainly attributable to the increase in bank interest income from fixed deposits.

Other gains and losses

Our other gains and losses increased by approximately RMB7.3 million from losses of approximately RMB2.6 million to losses of approximately RMB9.9 million, which comprised mainly loss on disposal of property, plant and equipment of approximately RMB0.8 million and unrealised exchange loss of approximately RMB8.9 million as a result of the translation of Australian dollars, Hong Kong dollars, Solomon Islands dollars and US dollars into Renminbi as at 31 December 2023, whereas for the year ended 31 December 2022, there were unrealised exchange loss of approximately RMB2.3 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 12 times from approximately RMB6.0 million for the year ended 31 December 2022 to approximately RMB78.3 million for the year ended 31 December 2023. The increase was mainly attributable to the increase in the railway and transportation fees, treatment and refinery charges, export duty and royalties as result of the increase in the sales volume of gold concentrates and gold doré in our Gold Ridge Mine.

Administrative expenses

Our administrative expenses increased by approximately 19.4% from approximately RMB86.6 million in 2022 to approximately RMB103.4 million in 2023. The increase was principally attributable to the increase in staff costs and security fee in our Gold Ridge Mine and increase in oversea investment insurance incurred by Yifeng Wanguo to secure the investment in our Gold Ridge Mine.

Finance costs

Our finance costs decreased by approximately 13.1% from approximately RMB14.5 million in 2022 to approximately RMB12.6 million in 2023, primarily due to the decrease in interest on contract liabilities from approximately RMB5.3 million in 2022 to approximately RMB1.9 million in 2023 with regard to the decrease in contract liabilities.

FINANCIAL REVIEW *(Continued)*

Income tax expense

Our income tax expense was approximately RMB30.7 million in 2023, consisting of PRC corporate income tax payable of approximately RMB22.8 million and withholding tax payable of approximately RMB7.9 million. 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.

The decrease in our income tax expense for the year ended 31 December 2023 was primarily due to the decrease in the PRC corporate income tax expense as a result of the decrease in operating profit which were subject to PRC corporate income tax and increase in tax deduction in Yifeng Wanguo in relation to research and development fee. On the other hand, profit generated from our Gold Ridge Mine is not subject to income tax for the year ended 31 December 2023 due to the utilisation of tax losses brought forward from prior years.

Profit for the year

As a result of the foregoing, our profit after taxation increased by approximately 130.3% or approximately RMB221.2 million, from approximately RMB169.7 million for the year ended 31 December 2022 to approximately RMB390.9 million for the year ended 31 December 2023. The increase was mainly attributable to the increase in sales of gold doré and gold concentrates and their profits contribution from our Gold Ridge Mine.

Our net profit margin increased from approximately 24.9% for the year ended 31 December 2022 to approximately 29.7% for the year ended 31 December 2023. Such increase was mainly due to rise in revenue and profit generated from sales of gold doré and gold concentrates with high profit margin.

Profit attributable to owners of our Company

The profit attributable to the owners of our Company increased by approximately 85.8% or approximately RMB154.9 million, from approximately RMB180.5 million for the year ended 31 December 2022 to approximately RMB335.4 million for the year ended 31 December 2023.

Analysis of property, plant and equipment and construction in progress

As at 31 December 2023, the Group's property, plant and equipment and construction in progress were approximately RMB810.6 million, representing an increase of approximately RMB83.6 million or approximately 11.5% over last year mainly due to the purchase of mining and processing equipment and construction of mining structures in our Gold Ridge Mine.

Analysis of inventories

Inventories consist of raw materials, ore, processed concentrates and gold doré. Raw materials mainly include forged steel grinding balls, explosives, chemical products and diesel oil used for the production of concentrates. As at 31 December 2023 and 2022, our inventories were approximately RMB200.0 million and approximately RMB157.8 million respectively. The increase in inventories was mainly due to substantial volume of concentrates produced during the last quarter of 2023.

Analysis of trade receivables

Trade receivables represent receivables from the sale of processed concentrates and gold doré. Our Group generally requests our concentrates customers in PRC 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 were approximately RMB69.4 million as at 31 December 2023, compared to approximately RMB13.2 million as at 31 December 2022. The increase in trade receivables as at 31 December 2023 was mainly due to sales of gold doré and gold concentrates in Solomons Islands to customers with longer credit period.

FINANCIAL REVIEW *(Continued)*

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. As at 31 December 2023 and 2022, our trade payables were approximately RMB102.8 million and approximately RMB83.1 million respectively. The increase in trade payables as at 31 December 2023 was mainly due to the increase in payable for the purchase of diesel oil of approximately RMB12.4 million, subcontracting fee payable to our contractors of approximately RMB39.2 million and drilling expenses of approximately RMB14.7 million in our Gold Ridge Mine.

Liquidity and capital resources

Our liquidity requirements relate to funding working capital, capital expenditures 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 RMB171.6 million as at 31 December 2023, compared to approximately RMB67.9 million as at 31 December 2022, of which approximately RMB24.1 million (2022: approximately RMB2.7 million) was denominated in Hong Kong dollars, Australian dollars, Solomon Islands dollars and US dollars. Such increase in bank balances and cash was mainly attributable to the increase in sales from our Gold Ridge Mine.

As at 31 December 2023, the Group recorded net assets of approximately RMB1,760.5 million (2022: approximately RMB1,449.6 million) and net current assets of approximately RMB189.5 million (2022: net current liabilities approximately RMB64.5 million). The current ratio of the Group as at 31 December 2023 was 1.38 times as compared to 0.87 times as at 31 December 2022. The increase in net current assets were attributable to the increase in bank balances and receivables from sale of gold doré and gold concentrates.

Borrowings

As at 31 December 2023, the Group had secured bank borrowings of approximately RMB82.0 million and unsecured bank borrowings of approximately RMB119.9 million (2022: secured bank borrowings of approximately RMB149.4 million and unsecured bank borrowings of approximately RMB40.0 million) in aggregate with maturity from one year to four years and effective interest rate of approximately 4.94%.

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 11.0% (2022: approximately 12.1%). The decrease in gearing ratio was mainly attributable to the increase in bank balances and cash and inventories of approximately RMB145.9 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 2023 and 2022:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Net cash inflow from operating activities	**349,998**	166,970
Net cash outflow from investing activities	**(159,059)**	(182,350)
Net cash outflow from financing activities	**(87,655)**	(34,267)
Net increase/(decrease) in cash and cash equivalents	**103,284**	(49,647)
Effect of foreign exchange rate changes	**387**	1,294
Cash and cash equivalents at the beginning of the year	**67,941**	116,294
Cash and cash equivalents at the end of the year	**171,612**	67,941

Net cash flow from operating activities

For the year ended 31 December 2023, net cash inflow from operating activities amounted to approximately RMB350.0 million, which mainly comprised the profit before working capital changes of approximately RMB537.0 million, together with increase in trade and other payables of approximately RMB22.8 million and was offset by increase in inventories of approximately RMB34.8 million, increase in trade and other receivables of approximately RMB124.6 million, decrease in contract liabilities of approximately RMB22.2 million, withholding tax paid of approximately RMB4.4 and income tax paid of approximately RMB23.8 million.

Net cash flow from investing activities

Net cash outflow from investing activities amounted to approximately RMB159.0 million for the year ended 31 December 2023. It was primarily attributable to the payments of capital expenditure for property, plant and equipment of approximately RMB134.4 million, payment for evaluation and exploration assets of approximately RMB23.3 million, placement of restricted bank balances of approximately RMB5.1 million and was offset by interest income of approximately RMB3.8 million.

Net cash flow from financing activities

Net cash outflow from financing activities amounted to approximately RMB87.6 million for the year ended 31 December 2023. This was principally due to new borrowings of approximately RMB200.0 million and advance from related parties of approximately RMB1.4 million and was offset by repayment of borrowings and interests of approximately RMB205.0 million, repayment of lease liabilities of approximately RMB1.2 million as well as dividend paid to shareholders of approximately RMB82.8 million.

Capital Expenditure

The total capital expenditure of the Group decreased from approximately RMB177.6 million for the year ended 31 December 2022 to approximately RMB138.3 million for the year ended 31 December 2023, representing a decrease of approximately 22.1%. The capital expenditure in 2023 was primarily incurred from the purchase of mining and processing equipment and construction of mining structures at the Xinzhuang Mine and Gold Ridge Mine. Decrease in capital expenditure was mainly attributable to substantial completion of processing plant in our Gold Ridge Mine.

FINANCIAL REVIEW *(Continued)*

Contractual Obligations and Capital Commitment

As at 31 December 2023, the Group's capital commitments amounted to approximately RMB4,604 million, which was attributable to the development of the Xinzhuang Mine.

	RMB'000
Three new shafts projects	1,026
Upgrading the processing plants	3,220
Other civil work	358
	4,604

As at 31 December 2023, the Group has also entered the following commitments in relation to the development of the Gold Ridge Mine.

	RMB'000
Mining and processing equipment	9,475
	9,475

Contingent Liabilities

As at 31 December 2023, 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 2023.

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 2023, the Group's right-of-use-assets and buildings with carrying value of approximately RMB60.2 million (31 December 2022: mining right, right-of-use-assets and buildings of approximately RMB74.7 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 2023, the Group had no material adverse exposure to foreign exchange fluctuations during the year 2023.

Management Discussion and Analysis

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 RMB18.5 cents (equivalent to approximately HK$20.4 cents) per Share for the year ended 31 December 2023 (2022: RMB10.00 cents), representing approximately 45.7% 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 Friday, 21 June 2024. Based on the number of issued Shares as at the date of this annual report, this represents a total distribution of approximately RMB153.2 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, 7 June 2024, it is expected that the proposed final dividend will be paid on or before Friday, 30 August 2024.

ANNUAL GENERAL MEETING

The 2024 annual general meeting (the "**AGM**") of the Company will be held on Friday, 7 June 2024. 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, 4 June 2024 to Friday, 7 June 2024, 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, 3 June 2024.

The final dividend is payable to the Shareholders whose names appear on the register of members of the Company at close of business on Friday, 21 June 2024. For determination of entitlement to the final dividend, the register of members of the Company will be closed from Wednesday, 19 June 2024 to Friday, 21 June 2024, 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 Tuesday, 18 June 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, we had a total of 837 (2022: 774) employees, excluding the independent third-party contractor which is responsible for underground mining work in Xinzhuang Mine.

	Number
Underground technical and supporting mine workers	
– Safety supervision	19
– Mining and geological technical staff	79
– Mining record and surveying staff	9
– Geological drilling operators	31
– Ventilation and hauling facilities and water-pump operators and maintenance staff	65
– Backfilling team	23
Processing plant workers	252
Open-pit workers	71
Laboratory staff	21
Mine management and supporting staff	267
	837

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 2023, the exploration activities in the Xinzhuang Mine was within 4-29 exploration line. We have completed underground geological drilling of 31,000 m, with drill size of 60-108 mm for the year ended 31 December 2023. We have also finished tunnel drilling of 920 m and completed adit mapping of 2,165 m. For the year ended 31 December 2023, approximately RMB4.0 million was incurred for the mineral exploration.

Development

During 2023, Xinzhuang Mine incurred development expenditure of approximately RMB20.8 million. Detailed breakdown of development expenditure is as follows:

	RMB' (million)
Mining structures	11.3
Buildings	0.1
Machinery and electronic equipment for processing plants	9.0
Motor vehicles	0.4
	20.8

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Xinzhuang Mine *(Continued)*

Mining activities

During 2023, we processed a total of 1,057,809 tonnes of ore in the Xinzhuang Mine. The following table shows the volume of our concentrates products sold during 2023.

Type of concentrates sold	Volume
Copper in copper concentrates	3,709 tonnes
Iron concentrates	80,938 tonnes
Zinc in zinc concentrates	8,390 tonnes
Sulfur concentrates	238,580 tonnes
Lead in lead concentrates	1,721 tonnes
Sulfur and iron concentrates	46,736 tonnes
Gold in copper concentrates	59 kg
Silver in copper concentrates	5,164 kg
Gold in zinc concentrates	7 kg
Silver in zinc concentrates	110 kg
Gold in lead concentrates	175 kg
Sliver in lead concentrates	7,129 kg
Copper in lead concentrates	360 kg
Zinc in lead concentrates	310 kg

During 2023, the Group incurred expenditures for mining and processing activities were approximately RMB146.7 million (2022: approximately RMB153.9 million) and approximately RMB107.7 million (2022: approximately RMB89.5 million) respectively. The unit expenditures for mining and processing activities were approximately RMB138.7/t (2022: approximately RMB143.9/t) and approximately RMB101.8/t (2022: approximately RMB83.5/t) respectively. The increase in unit expenditure for processing activities was mainly attributable to the increase in the usage of various types of chemical products to comply with environmental protection requirements 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 2023. During 2023, the main activities were the license maintenance as well as various activities in connection of conversion of exploration license to mining license.

Development

During 2023, Walege Mine incurred development expenditure of approximately RMB3.2 million mainly in respect of conversion of exploration license to mining license, including preparation of a soil and water conservation programme (水土保持方案) and a safety pre-evaluation report (工程安全預評價報告) as well as submission of a Social Stability Evaluation Report (社會穩定性評價報告).

Mining activities

Since the Walege Mine is still in development stage, no mining activity has taken place during the year ended 31 December 2023.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Gold Ridge Mine

Mineral exploration

In order to upgrade and increase mineral resources within our Mining Lease area as well as to undertake metallurgical recovery optimization test works, the Gold Ridge Mine continued with the drilling program at the Charivunga deposit (CVG) launched in 2019. As at 31 December 2023, 65 diamond drill holes ("**DDH**") (totally 24,578.37 meters) were completed, of which 10,604.91 meters were completed in 2023. This completes the CVG drilling program for the time being. We expect to publish the final resource and reserve estimate updates in 2024.

Resource upgrade and confirmation works are now shifted to the Dawsons deposit (DAW).

Further, we identified 5 exploration targets within our Prospecting License (PL05/22) area in July 2023. As at 31 December 2023, we have completed the first phase of the work program, including geological surveys and sample collections.

In 2023, expenditure of mineral exploration was approximately RMB27.3 million. The expenditure includes direct drilling cost, energy cost and assay cost.

Development

In 2023, the Gold Ridge Mine incurred development expenditure of RBM113.6 million mainly in respect of the construction of the tailings dry stacking facility, gold room refurbishment and flotation plant upgrade and tailings discharge pipe works.

Detailed breakdown of development expenditure is as follows:

	RMB' (million)
Mining structures	73.1
Buildings	12.5
Machinery and electronic equipment for processing plants	26.6
Motor vehicles	1.4
	113.6

Mining activities

Gold Ridge Mine commenced heap leach plant trial production in August 2022, and flotation plant trial production from 1 January 2023.

In 2023, the flotation plant processed a total of 1,158,853.82 tonnes of ore and produced approximately 29,360.56 dry metric tonnes of gold concentrates (with an average grade around 25g/t).

Knelson gravity circuit and heap leach plant produced 1,142.90 kg of gold doré (averaging 78.10% gold and 19.28% silver), which were sold to a famous refinery in Australia in 2023.

For 2024, upon completing Knelson gravity circuit and flotation plant upgrade, we expect to achieve a higher sales of gold doré and gold concentrates.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

Gold Ridge Mine *(Continued)*

Mining activities *(Continued)*

The following table sets forth the volume of respective products sold from the Gold Ridge Mine during 2023:

Type of products sold	Volume
Gold Doré (kg)	1,142.90
Gold Concentrates (tonnes)	23,638.83

The following table sets forth the volume of ores mined and processed at the Gold Ridge Mine during 2023:

	Volume (tonnes)
Volume of ore mined	1,466,571
Volume of ore processed	1,158,854

During 2023, Gold Ridge Mine incurred expenditures for mining and processing activities of approximately RMB161.2 million (or AUD34.4 million) and RMB154.4 million (or AUD32.9 million) respectively. The unit of expenditures for mining and processing activities were approximately RMB109.9 /t (or AUD23.4 /t) and RMB133.3 /t (or AUD28.4 /t) respectively.

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. 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.

Management Discussion and Analysis

OUTLOOK

Amid the ongoing global battle against inflation in major economies throughout the year, geopolitical and financial events further shaped 2023, with many ripple effects that will likely carry into 2024. Two major events related to financial markets: the collapse of some banks in the US and Europe and the narrowly averted US debt default, followed by the outbreak of the Israel-Hamas war. At the same time, major central banks have been combating inflation, although the rising cycle of interest rates appears to be behind us, with rate cuts expected in 2024. While the US is outperforming, fears of recession still prevail in Europe, and China's stimulus-based economic recovery is stabilizing. All these may affect metals demand as well as prices.

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 2023.

Biographical Information of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Gao Mingqing (高明清), aged 71, 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 25 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 China in 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 56, 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 24 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 39, 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 52, 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 50, 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 held the financial management position of Full Wah International Group, who is responsible for operations in Hong Kong and Oceania between May 2015 and December 2023. 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 52, 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 53, 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貿有限公司), 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 49, 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 25 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 C1 (formerly Appendix 14) to the Listing Rules. Throughout 2023, 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 governance 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 C3 (formerly 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 2023 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 2023.

BOARD OF DIRECTORS

As at 31 December 2023 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

Mr. Tsang Wai Hung
Mr. Wong Chi Ming Ming
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 26 to 28 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 2023, 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 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 2023, the Board performed the functions of corporate governance as set out in code provision A.2.1 of the CG Code.

Corporate Governance Report

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 six Board meetings during the year ended 31 December 2023, three 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, discussion of possibility in a new facility with an international partner, setting up a strategic development management committee for reviewing the Group's future acquisition targets.

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 2023:

	Attendance/Number of meetings	
Members	**Board meeting**	**Annual general meeting**
Executive Directors		
Mr. Gao Mingqing	6/6	✓
Mr. Liu Zhichun	2/6	
Mr. Wang Renxiang	6/6	
Ms. Wang Nan	6/6	✓
Independent non-executive Directors		
Mr. Tsang Wai Hung	6/6	✓
Mr. Wong Chi Ming Ming	6/6	✓
Mr. Wang Xin	6/6	✓

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 2023, 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 2023 according to the records provided by the Directors is as follows:

Name of the Directors	**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	
Mr. Tsang Wai Hung	✓
Mr. Wong Chi Ming Ming	✓
Mr. Wang Xin	✓

On 30 January 2024, 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. Gao Mingqing, Ms. Wang Nan and Mr. Tsang Wai Hung will retire by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election.

On 10 March 2024, 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 2023. 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 2023, one meeting was 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 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. Tsang Wai Hung *(Chairman)*	1/1
Mr. Wong Chi Ming Ming	1/1
Mr. Wang Xin	1/1

On 11 December 2023, the Nomination Committee had recommended to the Board the re-appointment of Mr. Gao Mingqing, Ms. Wang Nan and Mr. Tsang Wai Hung 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 2023, one meeting was held by the Remuneration Committee for reviewing, assessing and making recommendations to the Board on the remuneration packages 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. Wong Chi Ming Ming *(Chairman)*	1/1
Mr. Liu Zhichun	0/1
Mr. Wang Xin	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 2023, four 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 review internal control report with external consultant. 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. Tsang Wai Hung *(Chairman)*	4/4
Mr. Wong Chi Ming Ming	4/4
Mr. Wang Xin	4/4

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 ensuring 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 10 March 2024, the Group's annual results for the year ended 31 December 2023 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 2023, 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	1,450

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 2023, 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 2023, the Board considered that the Company's risk management and internal control systems are adequate and effective, and that save as disclosed in this report 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 2023, 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 an "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.

Corporate Governance Report

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 2023.

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 welcome to give their views and make enquires to the Company's email box, info@wgmine.com.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2023, the Company has not made any changes to its memorandum and articles of association.

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 2023.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in the business of mining, ore processing and sale of the concentrates products and gold products in the PRC and Solomon Islands respectively. A review of the business of the Company and a discussion and analysis of the Group's performance during the year ended 31 December 2023 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 25 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 7 to 8 and "Prospect" of "Management Discussion and Analysis", on page 24.

The Group's environmental policies and performance are set out and included in the "Environmental, Social and Governance Report" separately from 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 25 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.

2. PRINCIPAL RISKS AND UNCERTAINTIES

(i) Accuracy of the mineral resources and reserves estimates of the Xinzhuang Mine and Gold Ridge Mine are 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 and Gold Ridge 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.

The Group has also performed additional exploration work in our exploration license permitted area in Solomon Islands. Additional reserves discovered during the aforesaid exploration allows us to upgrade the mining capacity.

2. PRINCIPAL RISKS AND UNCERTAINTIES *(Continued)*

(ii) 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.

(iii) Fluctuations in the commodity markets

Our profit is mainly generated from sales of concentrates and gold products 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 and the same applies to our gold products as well. 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.

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 54.

The state of affairs of the Group and of the Company at 31 December 2023 are set out in the consolidated statement of financial position on pages 55 to 56 and statement of financial position of the Company on page 113 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 129 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 2023, the Company's reserves available for distribution to owners of the Company comprising share premium account less accumulated losses, and amounted to approximately RMB377.1 million (2022: RMB243.7 million).

9. FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB18.5 cents (equivalent to approximately HK$20.4 cents) per Share for the year ended 31 December 2023 (2022: RMB10.00 cents), representing approximately 45.7% (2022: 43.1%) 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 Friday, 21 June 2024. Based on the number of issued Shares as at the date of this annual report, this represents a total distribution of approximately RMB153.2 million (2022: 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, 7 June 2024, it is expected that the proposed final dividend will be paid on or before Friday, 30 August 2024.

10. PROPERTY, PLANT, AND EQUIPMENT

Additions to the property, plant and equipment of the Group was approximately RMB161.4 million for the year ended 31 December 2023. 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 RMB1,491,000 (2022: RMB1,664,000).

12. MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers in aggregate accounted for approximately 79.4% (2022: 68.3%) of the total sales for the year and sales to the largest customer accounted for approximately 29.3% (2022: 29.0%) of total sales.

Purchases from the Group's five largest suppliers in aggregate accounted for approximately 65.9% (2022: 61.3%) of the total purchases for the year and purchases from the largest supplier accounted for approximately 19.2% (2022: 17.6%) 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:

Mr. Tsang Wai Hung
Mr. Wong Chi Ming Ming
Mr. Wang Xin

14. DIRECTORS *(Continued)*

In accordance with article 87 of the Articles, all Directors are subject to retirement by rotation at least once every three years. Mr. Gao Mingqing, Ms. Wang Nan and Mr. Tsang Wai Hung 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 26 to 28 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 26 to 28 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. 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. 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.

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 2023 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 2023.

23. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2023, 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 2023, 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 2023, 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 by Haitong Securities Co., Ltd.

Other than as disclosed above, as at 31 December 2023, 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 2023.

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 2023 or at any time during the financial year 2023.

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 2023.

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 2023 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 2023.

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 2023.

As disclosed in the Prospectus, each of our controlling shareholders (Mr. Gao Mingqing and Victor Soar Investments Limited) 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 2023.

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 2023, 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 2023 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 29 to 40 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 2023, there were no work-related fatalities. Lost days due to work injury were 351 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 our key 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.

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. 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 2023 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, 18 March 2024

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 54 to 128, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information and other explanatory information.

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 2023, 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.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 this matter.

We have determined the matter below to be the key audit matter to be communicated in our report:

KEY AUDIT MATTER *(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 RMB194,308,000 and RMB312,165,000 respectively as at 31 December 2023. 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, estimated future production volume and metallic resources of Xizang Changdu 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 2023.	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.

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, 18 March 2024

Chow Yin Kwan Yvonne
Audit Engagement Director
Practising Certificate Number: P07989

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	5	**1,315,217**	681,418
Cost of sales		**(695,980)**	(365,734)
Gross profit		**619,237**	315,684
Other income	6	**6,577**	3,254
Other gains and losses	7	**(9,885)**	(2,567)
Distribution and selling expenses		**(78,281)**	(6,019)
Administrative expenses		**(103,354)**	(86,641)
Finance costs	8	**(12,645)**	(14,489)
Profit before tax		**421,649**	209,222
Income tax expense	9	**(30,710)**	(39,504)
Profit for the year	10	**390,939**	169,718
Other comprehensive income for the year			
– Exchange differences arising on translation of foreign operations, which may be reclassified subsequently to profit or loss		**2,728**	11,177
Total comprehensive income for the year		**393,667**	180,895
Profit for the year attributable to:			
Owners of the Company		**335,387**	180,540
Non-controlling interests		**55,552**	(10,822)
		390,939	169,718
Total comprehensive income attributable to:			
Owners of the Company		**339,950**	192,146
Non-controlling interests		**53,717**	(11,251)
		393,667	180,895
Earnings per share			
Basic (RMB cents)	13	**40.5**	21.8

Consolidated Statement of Financial Position

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**810,637**	727,004
Right-of-use assets	16	**56,195**	54,817
Mining rights	17	**251,338**	274,278
Exploration and evaluation assets	18	**224,748**	201,471
Other intangible asset	19	**312,165**	312,165
Intangible assets	20	**3,510**	3,723
Deposit for purchase of property, plant and equipment		**7,123**	34,872
Deferred tax assets	21	**3,984**	3,930
Restricted bank balances	22	**8,344**	3,227
		1,678,044	1,615,487
CURRENT ASSETS			
Inventories	23	**200,042**	157,821
Trade and other receivables	24	**311,656**	196,460
Bank balances and cash	22		
– cash and cash equivalents		**171,612**	67,941
– restricted bank balances		**249**	254
		683,559	422,476
CURRENT LIABILITIES			
Trade and other payables	25	**159,592**	138,475
Contract liabilities	26	**40,232**	67,651
Lease liabilities	27	**808**	215
Amounts due to related parties	28	**5,304**	3,894
Consideration payable to a former non-controlling shareholder of a subsidiary	29	**57,936**	57,936
Tax payable		**28,289**	29,407
Bank borrowings	30	**201,937**	189,444
		494,098	487,022
NET CURRENT ASSETS/(LIABILITIES)		**189,461**	(64,546)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,867,505**	1,550,941

Consolidated Statement of Financial Position

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	27	**2,303**	–
Deferred income	31	**5,170**	6,331
Deferred tax liabilities	21	**90,506**	86,866
Provisions for restoration costs	32	**9,060**	8,145
		107,039	101,342
CAPITAL AND RESERVES			
Share capital	33	**67,881**	67,881
Reserves		**1,337,734**	1,080,584
Equity attributable to owners of the Company		**1,405,615**	1,148,465
Non-controlling interests		**354,851**	301,134
TOTAL EQUITY		**1,760,466**	1,449,599
		1,867,505	1,550,941

The consolidated financial statements on pages 54 to 128 were approved and authorised for issue by the board of directors on 18 March 2024 and are signed on its behalf by:

Gao Mingqing	Wang Nan
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	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 2022	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
Profit for the year	–	–	–	–	–	335,387	335,387	55,552	390,939
Other comprehensive income for the year	–	–	–	–	4,563	–	4,563	(1,835)	2,728
Total comprehensive income for the year	–	–	–	–	4,563	335,387	339,950	53,717	393,667
Dividend recognised as distribution (note 14)	–	(82,800)	–	–	–	–	(82,800)	–	(82,800)
At 31 December 2023	67,881	189,914	71,005	152,844	(14,389)	938,360	1,405,615	354,851	1,760,466

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 2023

	2023 RMB'000	2022 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**421,649**	209,222
Adjustments for:		
Depreciation of property, plant and equipment	**64,993**	45,100
Depreciation of right-of-use assets	**2,288**	1,682
Amortisation of mining right	**29,516**	2,848
Provision for restoration cost	**915**	855
Finance costs	**12,645**	14,489
Interest income	**(3,792)**	(567)
Amortisation of intangible assets	**213**	212
Loss on disposal of property, plant and equipment	**823**	242
Release of deferred income	**(1,161)**	(1,161)
Exchange loss	**8,890**	2,325
Operating cash flows before movements in working capital	**536,979**	275,247
Increase in inventories	**(34,763)**	(110,242)
Increase in trade and other receivables	**(124,623)**	(10,451)
Increase in trade and other payables	**22,818**	12,788
(Decrease)/increase in contract liabilities	**(22,170)**	42,080
Cash generated from operations	**378,241**	209,422
Income taxes paid	**(28,243)**	(42,452)
NET CASH FROM OPERATING ACTIVITIES	**349,998**	166,970
INVESTING ACTIVITIES		
Payments of capital expenditure for property, plant and equipment	**(134,401)**	(170,446)
Payment for evaluation and exploration assets	**(23,338)**	(12,128)
Proceeds from disposal of property, plant and equipment	**–**	773
Payment for right-of-use assets	**–**	(305)
Interest received	**3,792**	567
Placement of restricted bank balances	**(5,112)**	(811)
NET CASH USED IN INVESTING ACTIVITIES	**(159,059)**	(182,350)

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
FINANCING ACTIVITIES		
Repayment of borrowings	**(187,542)**	(87,283)
Dividend paid	**(82,800)**	(83,628)
Interest paid	**(17,502)**	(9,208)
Repayment of lease liabilities	**(1,166)**	(323)
Repayment to related parties	**(12)**	(2,325)
Advance from related parties	**1,367**	–
Proceeds from borrowings	**200,000**	148,500
NET CASH USED IN FINANCING ACTIVITIES	**(87,655)**	(34,267)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**103,284**	(49,647)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**67,941**	116,294
Effect of foreign exchange rate changes	**387**	1,294
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by cash and cash equivalents	**171,612**	67,941

1. GENERAL INFORMATION

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, which 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, which is engaged in exploration, mining and processing of mineral resources, and sales of processed gold concentrates and gold doré in the Solomon Islands. Details of the Company's subsidiaries are set out in note 42.

As at 31 December 2023, 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.

Prior to 1 January 2023, Renminbi ("**RMB**") was regarded as the functional currency of the Company and its subsidiaries incorporated in the PRC and Hong Kong, Australian Dollar ("**AU$**") was regarded as the functional currency of the Company's subsidiary incorporated in Australia, and Solomon Islands dollar ("**SBD**") was regarded as the functional currency of the Company's subsidiary incorporated in the Solomon Islands. Following the commencement of commercial operations of the Group's mines in the Solomon Islands during the year ended 31 December 2023, the directors of the Company have evaluated the primary economic environment in which the Company's subsidiary incorporated in the Solomon Islands operates and determine that the functional currency of the subsidiary has changed to United States Dollar ("**US$**"). The effects of the change of the functional currency of the Company's subsidiary incorporated in the Solomon Islands had been accounted for prospectively from 1 January 2023 (being the date on which the change in functional currency took effect).

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

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The Group has applied the new standard and the relevant amendments for the first time in the current year.

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

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

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

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* 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 has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

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

The Group has applied the amendments for the first time in the current year. 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.

In accordance with the transition provision, the Group has applied the new accounting policy retrospectively to provisions for restoration costs that occurred on or after 1 January 2022. The application of the amendments has had no material impact on the Group's financial position and performance.

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

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

As disclosed in note 37, the Group has subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "**2022 Amendments**")[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of the above amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation of consolidated financial statements

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".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

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 elements of control.

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.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5 and 26.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

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

Short-term leases and leases of low-value assets

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

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.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Taxation *(Continued)*

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Property, plant and equipment *(Continued)*

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Exploration and evaluation assets *(Continued)*

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(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 assets with indefinite useful lives, and intangible assets and other 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 which 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

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 2023, the Group recognized revenue relating to trading of metal concentrates amounted to approximately RMB84,345,000 (2022: trading of metal concentrates and electrolytic copper amounted to approximately RMB49,476,000).

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.

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 RMB194,308,000 (2022: RMB191,146,000) and RMB312,165,000 (2022: RMB312,165,000) respectively as at 31 December 2023 and 2022. 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 2023 and 2022 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 years ended 31 December 2023 and 2022.

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

Key sources of estimation uncertainty *(Continued)*

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.

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 2023, the carrying amount of provision for restoration costs was approximately RMB9,060,000 (2022: RMB8,145,000).

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.

In the current year, as a result of the commencement of commercial operations of the gold mine in the Solomon Islands, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable and operating segments, such that the Group has identified two reportable and operating segments for the financial year ended 31 December 2023. Prior year segment disclosures have been represented to conform with the current year's presentation. The Group's operating and reportable segments currently are: (i) processing and sale of metal concentrates in Yifeng Wanguo (the "**Yifeng Project**" Segment) and (ii) processing and sale of processed gold concentrates and gold doré in the Solomon Islands (the "**Solomon Project**" Segment). The CODM considers the Group has two operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised. No operating segments have been aggregated in arriving at the reportable segments of the Group.

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.

(i) Revenue from contract with customers within the scope of HKFRS 15

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:

	2023 **RMB'000**	2022 RMB'000
Disaggregation of revenue from contracts with customers		
By types of major products		
– Copper concentrates	**268,416**	223,708
– Zinc concentrates	**105,715**	116,336
– Iron concentrates	**58,111**	70,523
– Sulfur concentrates	**38,998**	63,425
– Gold in copper concentrates	**31,959**	19,043
– Silver in copper concentrates	**23,718**	21,224
– Gold in zinc concentrates	**602**	3,601
– Silver in zinc concentrates	**58**	331
– Lead in lead concentrates	**13,506**	8,943
– Gold in lead concentrates	**68,509**	42,731
– Silver in lead concentrates	**29,731**	16,538
– Copper in lead concentrates	**3,658**	2,824
– Zinc in lead concentrates	**411**	440
– Sulfur and iron concentrates	**13,509**	10,346
– Lithium concentrates	**–**	7,049
– Electrolytic Copper	**–**	26,398
– Gold doré	**385,799**	47,958
– Gold concentrates	**272,517**	–
	1,315,217	681,418
By revenue source		
– Owned mined products	**1,230,872**	631,942
– Sourced outside		
– Copper concentrates	**69,774**	2,971
– Gold in copper concentrates	**9,938**	344
– Silver in copper concentrates	**4,633**	81
– Zinc concentrates	**–**	12,603
– Silver in zinc concentrates	**–**	30
– Lithium concentrates	**–**	7,049
– Electrolytic Copper	**–**	26,398
	84,345	49,476
	1,315,217	681,418

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(i) Revenue from contract with customers within the scope of HKFRS 15 *(Continued)*

Performance obligations for contracts with customers and revenue recognition policies

Revenue from sales of processed concentrates of various metals sourced internally

The Group's sales of concentrates of various metals and gold doré sourced from the Group's own mines and sold to mineral trading enterprises after processing by the Group is recognised as revenue 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 by the Group prior to delivery or collection 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 mineral content and grades of the Group's concentrates products meet the customers' requirements after the goods have passed the inspections and no further processing is required to improve the grades of the goods when the goods have been approved for delivery to or collection by its customers.

The Group's obligations to provide a refund for faulty products are under the standard warranty terms. Accumulated experience is used to estimate such returns at the time of sale. It is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Therefore, no refund liability for goods return was recognised. The validity of this assumption and estimate is reassessed at each reporting date.

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:

	2023 **RMB'000**	2022 RMB'000
Customer A[1]	**385,799**	–
Customer B[2]	**272,517**	N/A [4]
Customer C[3]	**154,124**	N/A [4]
Customer D[5]	**N/A [4]**	197,662
Customer E[6]	**N/A [4]**	104,453

1 Revenue for sales of gold doré
2 Revenue for sales of gold concentrates and gold doré
3 Revenue from sales of copper concentrates, gold and silver in copper concentrates and sulfur concentrates
4 The corresponding revenue did not contribute 10% or more of the total revenue of the Group in the respective year
5 Revenue for sales of copper concentrates, gold and silver in copper concentrates, sulfur concentrates and electrolytic copper
6 Revenue for sales of zinc concentrates, gold and silver in zinc concentrates

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Yifeng Project RMB'000	Solomon Project RMB'000	Total RMB'000
For the year ended 31 December 2023			
Segment revenue	**656,901**	**658,316**	**1,315,217**
Segment profit	**221,624**	**210,841**	**432,465**
Unallocated expense			**(10,491)**
Unallocated other income, other gains and losses			**139**
Unallocated finance cost			**(464)**
Profit before tax			**421,649**
For the year ended 31 December 2022			
Segment revenue	633,460	47,958	681,418
Segment profit/(loss)	248,525	(30,650)	217,875
Unallocated expense			(7,181)
Unallocated other income, other gains and losses			(1,384)
Unallocated finance cost			(88)
Profit before tax			209,222

Note: There was no inter-segment revenue for the years ended 31 December 2023 and 2022.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information *(Continued)*

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

Segment assets

	2023 RMB'000	2022 RMB'000
Yifeng Project	**724,000**	683,582
Solomon Project	**916,495**	748,487
Total segment assets	**1,640,495**	1,432,069
Assets not allocated to segments:		
Property, plant and equipment	**6,221**	6,508
Right of use assets	**2,962**	200
Other intangible assets	**312,165**	312,165
Exploration and evaluation assets	**194,308**	191,145
Other receivables, deposit and prepayments	**25,247**	24,454
Restricted bank balance	**8,593**	3,481
Bank balances and cash	**171,612**	67,941
Consolidated total assets	**2,361,603**	2,037,963

Segment liabilities

	2023 RMB'000	2022 RMB'000
Yifeng Project	**392,441**	342,286
Solomon Project	**99,308**	144,800
Total segment liabilities	**491,749**	487,186
Liabilities not allocated to segments:		
Accrued expenses and other payables	**8,480**	7,759
Amount due to related parties	**5,304**	3,894
Lease liabilities	**3,111**	215
Bank borrowings	**1,987**	2,444
Deferred tax liabilities	**90,506**	86,866
Consolidated total liabilities	**601,137**	588,364

Segment assets represent certain property, plant and equipment, right-of-use assets, intangible assets, deposits for purchase of property, plant and equipment, inventories, trade receivables, mining rights, certain exploration and evaluation assets, certain other receivables and certain deferred tax assets which are directly attributable to the relevant operating and reportable segments.

Segment liabilities represent trade payables, certain other payables and accruals, contract liabilities, lease liabilities, provisions for restoration costs, tax payable, certain bank borrowings and consideration payable to a former non-controlling shareholder of a subsidiary which are directly attributable to the relevant operating and reportable segments. These are the measures reported to the CODM for the purpose of resources allocation and assessment of segment performance.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information *(Continued)*

(c) Other segment information

	Yifeng Project RMB'000	Solomon Project RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
2023					
Amounts included in the measurement of segment profit or loss and segment assets:					
Additions to property, plant and equipment, right-of-use assets, intangible assets and exploration and evaluation assets	**13,115**	**160,918**	**174,033**	**6,799**	**180,832**
Depreciation and amortisation of property, plant and equipment, mining rights, intangible assets and right-of-use assets	**46,600**	**49,069**	**95,669**	**1,341**	**97,010**
Finance cost	**10,264**	**1,917**	**12,181**	**464**	**12,645**
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Taxation	**22,710**	**–**	**22,710**	**8,000**	**30,710**

	Yifeng Project RMB'000	Solomon Project RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
2022					
Amounts included in the measurement of segment profit or loss and segment assets:					
Additions to property, plant and equipment, right-of-use assets, intangible assets and exploration and evaluation assets	50,844	104,055	154,899	1,938	156,837
Depreciation and amortisation of property, plant and equipment, mining rights, intangible assets and right-of-use assets	41,028	8,103	49,131	711	49,842
Finance cost	9,152	5,249	14,401	88	14,489
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Taxation	35,144	–	35,144	4,360	39,504

Segment profit (loss) represents the profit (loss) earned (incurred) by each segment without allocation of certain administrative expenses, other gains and losses, finance costs and unallocated income and expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information *(Continued)*

(d) 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*	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
The PRC	**656,901**	633,460	**995,088**	1,026,755
Solomon Islands	**658,316**	47,958	**661,473**	574,973
Australia	**–**	–	**2,509**	56
Hong Kong	**–**	–	**6,646**	6,546
	1,315,217	681,418	**1,665,716**	1,608,330

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

6. OTHER INCOME

	2023	2022
	RMB'000	RMB'000
Government grants:		
– Related to assets (note i)	**1,161**	1,161
– Others (note ii)	**1,438**	1,342
Bank interest income	**3,792**	567
Others	**186**	184
	6,577	3,254

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 2023, the government grants mainly included approximately RMB260,000 (2022: RMBNil) incentives received from a local governmental authority by Yifeng Wanguo as immediate financial support for industrial development, approximately RMB543,000 (2022: RMBNil) financial incentive from local chamber of commerce, and also included approximately RMBNil (2022: RMB368,000) and RMBNil (2022: 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

	2023 RMB'000	2022 RMB'000
Net foreign exchange loss	**(8,890)**	(2,325)
Loss on disposal of property, plant and equipment	**(823)**	(242)
Other losses	**(172)**	–
	(9,885)	(2,567)

8. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on bank borrowings	**10,333**	9,208
Interest on contract liabilities	**1,917**	5,250
Interest on lease liabilities	**393**	31
Interest on bank overdraft	**2**	–
	12,645	14,489

9. INCOME TAX EXPENSE

	2023 RMB'000	2022 RMB'000
Current tax:		
PRC Enterprise Income Tax ("**EIT**")		
– Current year	**29,614**	35,187
– Overprovision in prior year	**(6,850)**	(3)
Withholding tax	**–**	4,405
	22,764	39,589
Deferred tax (Note 21)	**7,946**	(85)
	30,710	39,504

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 100% of the relevant costs incurred.

Under the Law of the Solomon Islands Government, the tax rate of the subsidiary established in Solomon Islands and principally engaged in the Solomon Project (see Note 17) was 35% during both years. No provision for Solomon Islands Profits Tax has been made as the Group has sufficient tax losses brought forward to set off against assessable profits for the year ended 31 December 2023 (2022: no assessable profits subject to Solomon Islands Profits Tax during the year ended 31 December 2022).

The applicable tax rate for the Group's subsidiary operating in Australia is 25% for both years. No provision for Australian profit tax has been made as the Group has sufficient tax losses brought forward to set off against assessable profit for the year ended 31 December 2023 (2022: no assessable profit subject to Australian profit tax during the year ended 31 December 2022.)

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.

	2023 **RMB'000**	2022 RMB'000
Profit before tax	**421,649**	209,222
Tax at the EIT rate of 25% (2022: 25%)	**105,413**	52,305
Tax effect of expenses not deductible for tax purpose	**1,733**	10,098
Overprovision in respect of prior years	**(6,850)**	(3)
Income tax at concessionary rate	**(22,130)**	(25,060)
Tax effect of additional tax benefit on research and development expenses	**(3,676)**	(2,449)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**18,827**	–
Utilization of tax losses or deductible temporary difference previously not recognised	**(70,607)**	–
Effect of tax losses not recognised	**–**	253
Withholding tax on distributable earnings of a subsidiary established in the PRC	**8,000**	4,360
Income tax expense for the year	**30,710**	39,504

10. PROFIT FOR THE YEAR

	Note	2023 RMB'000	2022 RMB'000
Profit for the year has been arrived at after charging:			
Directors' emoluments (Note 11)		**5,282**	4,299
Other staff costs		**80,351**	53,726
		85,633	58,025
Retirement benefit scheme contributions, excluding those of directors		**3,294**	2,402
Total staff costs	(i)	**88,927**	60,427
Depreciation of property, plant and equipment	(ii)	**64,993**	45,100
Depreciation of right-of-use assets		**2,288**	1,682
Amortisation of mining rights	(iii)	**29,516**	2,848
Amortisation of intangible assets		**213**	212
Total depreciation and amortisation		**97,010**	49,842
Auditor's remuneration (including audit and non-audit services)		**1,441**	1,178
Sub-contracting fee (included in cost of inventories)		**235,546**	128,952
Freight charges (included in distribution and selling expenses)		**24,428**	4,622
Royalty expenses (included in distribution and selling expenses)	(iv)	**10,696**	–
Research expenses (included in administrative expenses)	(i), (ii)	**24,337**	21,769
Cost of inventories recognised as an expense	(i), (ii), (iii)	**695,980**	365,734

(i) Total staff costs amounting to approximately RMB43,939,000 (2022: RMB24,455,000) are included in cost of inventories; amounting to approximately RMB34,093,000 (2022: RMB25,735,000) are included in administrative expenses; amounting to approximately RMB650,000 (2022: RMB610,000) are included in distribution and selling expenses, and approximately RMB10,245,000 (2022: RMB9,627,000) are included in research expenses in administrative expenses.

(ii) Depreciation of property, plant and equipment amounting to approximately RMB53,901,000 (2022: RMB34,262,000) are included in cost of inventories; amounting to approximately RMB10,556,000 (2022: RMB9,725,000) are included in administrative expenses and amounting to approximately RMB536,000 (2022: RMB1,113,000) are included in research expenses in administrative expenses.

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

(iv) Royalty expenses represent the amount payable to the landowners of the Gold Ridge Mine and the government of the Solomon Islands in respect of the gold produced by the subsidiary incorporated in the Solomon Islands pursuant to the mining licence.

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 2023				
Executive directors:				
Mr. Gao Mingqing	**–**	**–**	**1,315**	**1,315**
Mr. Liu Zhichun	**–**	**–**	**599**	**599**
Mr. Wang Renxiang	**–**	**80**	**735**	**815**
Ms. Wang Nan	**–**	**179**	**2,038**	**2,217**
Independent and non-executive directors:				
Mr. Tsang Wai Hung	**108**	**–**	**–**	**108**
Mr. Wong Chi Ming Ming	**108**	**–**	**–**	**108**
Mr. Wang Xin	**120**	**–**	**–**	**120**
	336	**259**	**4,687**	**5,282**
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

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 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:

	2023 **No. of directors**	2022 No. of directors
Nil to HK$1,000,000	**5**	8
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	–
	7	10

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 ten (2022: nine) senior management of the Group for the year ended 31 December 2023, four (2022: 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 six (2022: five) senior management are as follows:

	2023 **RMB'000**	2022 RMB'000
Salaries, other allowances and benefit-in-kinds	**4,124**	3,316
Discretionary bonuses	**479**	496
Retirement benefits scheme contributions	**185**	92
	4,788	3,904

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

	2023 **No. of employees**	2022 No. of employees
Nil to HK$1,000,000	**3**	2
HK$1,000,001 to HK$1,500,000	**3**	3
	6	5

12. EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Five highest paid employees

The five highest paid employees of the Group during the year included two (2022: two) directors, details of whose remuneration are set out in the disclosures in note 11 above. Details of the remuneration for the year of the remaining three (2022: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 **RMB'000**	2022 RMB'000
Salaries, other allowances and benefits-in-kinds	**2,532**	2,513
Discretionary bonuses	**114**	29
Retirement benefit scheme contributions	**406**	431
	3,052	2,973

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

	2023 **No. of employees**	2022 No. of employees
HK$1,000,001 to HK$1,500,000	**3**	3

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:

	2023	2022
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)	**335,387**	180,540
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	**828,000**	828,000

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:

	2023 RMB'000	2022 RMB'000
Final dividend for the year ended 31 December 2022 of RMB10.00 cents (2022: Final dividend for the year ended 31 December 2021 of RMB10.10 cents) per share	**82,800**	83,628

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of RMB18.5 cents (2022: RMB10.00 cents) per ordinary share, in an aggregate amount of approximately RMB153,180,000 (2022: RMB82,800,000), 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 2022 was paid on 29 August 2023 (2022: 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 2022	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
Effect of foreign currency exchange differences	**(148)**	**(2,107)**	**(1,439)**	**(78)**	**(22)**	**(855)**	**(4,649)**
Additions	**4,176**	**12,534**	**26,337**	**2,721**	**1,927**	**106,219**	**153,914**
Transfer	**3,555**	**10,655**	**23,328**	**–**	**86**	**(37,624)**	**–**
Disposal	**–**	**(128)**	**(5,703)**	**(289)**	**–**	**–**	**(6,120)**
At 31 December 2023	**466,845**	**309,621**	**260,973**	**14,984**	**15,198**	**105,586**	**1,173,207**
DEPRECIATION							
At 1 January 2022	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
Effect of foreign currency exchange differences	**(6)**	**(1)**	**(128)**	**(46)**	**(3)**	**–**	**(184)**
Provided for the year	**24,695**	**14,901**	**21,329**	**2,585**	**1,483**	**–**	**64,993**
Eliminated on disposal	**–**	**(69)**	**(4,939)**	**(289)**	**–**	**–**	**(5,297)**
At 31 December 2023	**171,090**	**74,567**	**95,551**	**9,869**	**11,493**	**–**	**362,570**
CARRYING VALUES							
At 31 December 2023	**295,755**	**235,054**	**165,422**	**5,115**	**3,705**	**105,586**	**810,637**
At 31 December 2022	312,861	228,931	139,161	5,011	3,194	37,846	727,004

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

Note:

As at 31 December 2023, mining structures and machinery with cost of approximately RMB1,424,000 (2022: approximately RMB1,424,000) and approximately RMB25,804,000 (2022: approximately RMB19,107,000) respectively have been fully depreciated but still in use.

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

	2023 RMB'000	2022 RMB'000
In Hong Kong	**6,106**	6,335
In the PRC	**73,705**	78,949
In Solomon Islands	**155,243**	143,647
	235,054	228,931

An analysis of the carrying values of the mining structures, buildings and machineries under construction or assembly and included in construction in progress, by mining projects, is as below:

	2023 RMB'000	2022 RMB'000
Yifeng Project	**2,171**	3,435
Solomon Project	**103,415**	34,411
	105,586	37,846

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 2022	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
Effect of foreign currency exchange difference	–	108	108
Addition	–	3,580	3,580
Termination of lease	–	(623)	(623)
At 31 December 2023	60,139	3,684	63,823
ACCUMULATED DEPRECIATION			
At 1 January 2022	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
Depreciation charge	1,385	903	2,288
Effect of foreign currency exchange difference	–	22	22
Termination of lease	–	(623)	(623)
At 31 December 2023	6,907	721	7,628
CARRYING VALUES			
At 31 December 2023	53,232	2,963	56,195
At 31 December 2022	54,617	200	54,817

	2023 RMB'000	2022 RMB'000
Expense relating to short-term leases	–	1,459
Total cash outflow for leases	**1,166**	323

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 rights to use properties as its director's quarter and office premise through tenancy agreements. The leases run for an initial period of 2 years to 5 years without extension options. The leases 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 are 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

	2023 **RMB'000**	2022 RMB'000
COST		
At beginning of the year	**287,822**	282,650
Effect of foreign currency exchange differences	**7,584**	5,172
At end of the year	**295,406**	287,822
AMORTISATION		
At beginning of the year	**13,544**	10,676
Effect of foreign currency exchange differences	**1,008**	20
Provided for the year	**29,516**	2,848
At end of the year	**44,068**	13,544
CARRYING VALUES	**251,338**	274,278

The mining rights represent: (1) the right to conduct mining activities in respect of Yifeng Project 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 the Gold Ridge mine 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 Solomon 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 probable reserves (for Solomon Project) or proven reserves (for Yifeng Project) 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 estimated total probable/proven 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 was pledged to a bank to secure loan facilities granted to the Group as set out in Note 35. As at 31 December 2023, the pledge has been released.

An analysis of the carrying values of the mining rights, by mining projects, is as below:

	2023 **RMB'000**	2022 RMB'000
Yifeng Project	**9,424**	10,491
Solomon Project	**241,914**	263,787
	251,338	274,278

17. MINING RIGHTS *(Continued)*

Impairment test on mining projects in Yifeng, Jiangxi Province, the PRC

As at 31 December 2022, in view of the impact of COVID-19 pandemic in the economic environment in which the Group operated, the directors of the Company performed impairment assessment on the property, plant and equipment with carrying amount of approximately RMB450,010,000, mining right with carrying amount of approximately RMB10,491,000, right-of-use assets with carrying amount of approximately RMB54,618,000 and intangible assets with carrying amount of approximately RMB3,723,000 with aggregate carrying amount of approximately RMB518,842,000, which belong to the Yifeng Wanguo for operation of the Xinzhuang Mine ("**Yifeng Assets**"), and were principally engaged in mining and processing of ores and sales of processed concentrates in the PRC. Management's assessment of the recoverable amount of the Yifeng Assets was performed as a single CGU. The Group's own mined metallic concentrates were produced by the Yifeng Project. The recoverable amount of this CGU had 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 was 20% per annum in relation to this CGU. The discounted cash flow analysis used cash flow projections with a growth rate of 2% per annum being applied for estimated selling prices, unit direct costs and expenses over a period of 10 years, being the useful life of the mining licence. The growth rate reflected the long-term growth rate for the country in which the entity of the CGU operated. The key assumptions also included 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 belonging to the Yifeng Assets during the year ended 31 December 2022. Management believed 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.

As at 31 December 2023, the directors of the Company considered that there is no impairment indicator on the Yifeng Assets and therefore no impairment assessment has been performed to calculate the recoverable amount of the Yifeng Assets.

Impairment test on assets belonging to Gold Ridge Mining Limited

As at 31 December 2022, the directors of the Company performed impairment assessment on the mining right with carrying amount of approximately RMB263,787,000, evaluation and exploration assets with carrying amount of approximately RMB10,325,000 and property, plant and equipment with carrying amount of approximately RMB266,474,000 which belong to Gold Ridge Mining Limited ("**Gold Ridge Assets**"). Management's assessment of the recoverable amount of the Gold Ridge Assets was performed as a single CGU. The recoverable amount of this CGU had been determined by an independent professional valuer, Vision Appraisal and Consulting Ltd, based on value in use calculations which was determined by discounted cash flow approach. The pre-tax discount rate in measuring the amount of value in use was 31% 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 belonging to the Gold Ridge Assets during the year ended 31 December 2022.

The key assumptions for the value in use calculation were those regarding the pre-tax discount rate of 31%, zero growth rate being applied for estimated selling prices, direct costs and expenses, and budgeted production plan of 14 years from 2023 to 2036, which was 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 reflected the long-term growth rate for the country in which the entity of the CGU operated. 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 assets belonging to Gold Ridge Mining Limited *(Continued)*

Apart from the considerations described above in determining the value in use of the cash-generating unit, the Group's management was 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 was particularly sensitive to the discount rate applied.

As at 31 December 2023, the directors of the Company considered that there is no impairment indicator on the Gold Ridge Assets and therefore no impairment test has been performed to calculate the recoverable amounts of these assets as at 31 December 2023.

18. EXPLORATION AND EVALUATION ASSETS

	RMB'000
COST	
At 1 January 2022	193,544
Additions	12,127
Effect of foreign currency exchange difference	117
At 31 December 2022	205,788
Additions	23,338
Effect of foreign currency exchange difference	(61)
At 31 December 2023	229,065
ACCUMULATED IMPAIRMENT LOSS	
At 1 January 2022, 31 December 2022 and 2023	(4,317)
CARRYING VALUES	
At 31 December 2023	224,748
At 31 December 2022	201,471

The exploration and evaluation assets represent all costs directly associated with exploration and evaluation and are initially capitalised. As at 31 December 2023 and 2022, the exploration and evaluation assets are related to costs of the activities which occur 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 Solomon Project.

During the current year, the Group incurred costs directly associated with the exploration and evaluation assets of approximately RMB23,338,000 (2022: RMB12,127,000), which mainly comprise of exploratory drilling costs and costs incurred in evaluation of technical feasibility and commercial viability of mineral extraction.

Please refer to Notes 17 and 19 for impairment assessment.

18. EXPLORATION AND EVALUATION ASSETS *(Continued)*

An analysis of the carrying values of the exploration and evaluation assets, by mining projects, is as below:

	2023 **RMB'000**	2022 RMB'000
Xizang Changdu	**194,308**	191,146
Solomon Project	**30,440**	10,325
	224,748	201,471

19. OTHER INTANGIBLE ASSET

	RMB'000
COST	
At 1 January 2022, 31 December 2022 and 2023	319,288
ACCUMULATED IMPAIRMENT LOSS	
At 1 January 2022, 31 December 2022 and 2023	(7,123)
CARRYING VALUES	
At 31 December 2023	312,165
At 31 December 2022	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 in the year ended 31 December 2018 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, Win Bailey Valuation and Advisory Limited (2022: 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 20% (2022: 21%) per annum in relation to this CGU. As a result of the impairment assessment, no impairment loss in respect of exploration and evaluation assets and no impairment loss in respect of other intangible asset has been recognised in profit or loss during the years ended 31 December 2023 and 2022. Management believed 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.

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% (2022: 2%) per annum being applied for estimated selling prices, direct costs and expenses, budgeted production plan of 26 years from 2026 to 2051 (2022: 16 years from 2025 to 2040) and estimated ores of approximately 30,249,000 tonnes (2022: 18,900,000 tonnes). 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 and the estimated metallic resources of Xizang Changdu had been determined based on the management's expectation for the market development, feasibility study of the above mine which was prepared by a leading construction engineering consultancy firm in the PRC and reviewed and endorsed by the natural resource review panel of the Xizang province (2022: a pre-feasibility study), 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.

Details of the assessment of headroom available as at 31 December 2023 and 2022 is as follows:

	2023 **RMB'000**	2022 RMB'000
Fair value less cost of disposal	**520,535**	530,000
Carrying amount of assets belonging to Xizang Changdu	**506,473**	503,311
Headroom	**14,062**	26,689

20. INTANGIBLE ASSETS

	Patent right RMB'000	**Total** RMB'000
COST		
At 1 January 2022, 31 December 2022 and 2023	4,249	4,249
AMORTISATION		
At 1 January 2022	314	314
Provided for the year	212	212
At 31 December 2022	526	526
Provided for the year	213	213
At 31 December 2023	739	739
CARRYING VALUES		
At 31 December 2023	3,510	3,510
At 31 December 2022	3,723	3,723

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 expenses of approximately RMB24,337,000 in the current year (2022: RMB21,769,000) 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:

	2023 **RMB'000**	2022 RMB'000
Deferred tax assets	**3,984**	3,930
Deferred tax liabilities	**(90,506)**	(86,866)
	(86,522)	(82,936)

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 2022	(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)
(Charge) credit to profit or loss	(8,000)	–	229	(175)	(7,946)
Payment of withholding tax relating to distribution of earnings of a subsidiary established in the PRC	4,360	–	–	–	4,360
At 31 December 2023	(12,465)	(78,041)	2,345	1,639	(86,522)

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 RMB224,267,000 (2022: RMB7,144,000) available for offset against future profits. Included in unrecognised tax losses are losses of approximately RMB9,148,000 (2022: RMB7,144,000) under Australian Corporate tax with no expiry date and unrecognised tax losses under Solomon Corporate tax of approximately RMB215,119,000 (2022: RMBNil) with no expiry date.

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 0.2% (2022: 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:

	2023	2022
	%	%
Range of interest rates (per annum)	**0.00 to 4.81**	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:

	2023	2022
	RMB'000	RMB'000
HK$	**1,234**	442
AU$	**41**	197
US$	**7,116**	73
SBD	**1,959**	–

23. INVENTORIES

	2023	2022
	RMB'000	RMB'000
Mining products		
– Raw materials	**19,983**	11,603
– Work-in-progress	**150,309**	143,218
– Finished goods	**29,750**	3,000
	200,042	157,821

24. TRADE AND OTHER RECEIVABLES

	Note	2023 RMB'000	2022 RMB'000
Trade receivables from contracts with customers	(a)	**69,370**	13,151
Amount due from a related company	(b)	**3**	3
Amount due from a non-controlling shareholder	(c)	**24,242**	23,569
Prepayments and other receivables			
– prepayments to major subcontractors	(d)	**112,316**	88,515
– prepayments to other suppliers	(e)	**92,638**	43,000
– Other receivables	(f)	**13,087**	28,222
		242,286	183,309
Total trade and other receivables		**311,656**	196,460

(a) Trade receivables

As at 1 January 2022, trade and bills receivables from contracts with customers amounted to approximately RMB4,761,000.

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 receivables presented based on the invoice dates at the end of the reporting period as follows:

	2023 RMB'000	2022 RMB'000
Within 30 days	**64,549**	13,073
31 to 60 days	**1,021**	–
61 to 90 days	**2,039**	–
Over 90 days	**1,761**	78
	69,370	13,151

No trade 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 receivable *(Continued)*

The ECL for trade receivables as at 31 December 2023 and 2022 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 2023 and 2022 is insignificant.

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 no fixed term of repayment.

(d) Prepayments to major subcontractors

Included in the balance is prepayment of subcontracting fee to mining subcontractors by the subsidiary Yifeng Wanguo for mining of ores, which amounted to approximately RMB112,316,000 (2022: RMB88,415,000) as at 31 December 2023.

(e) Prepayments to other suppliers

Included in the balance is prepayment to suppliers of metal concentrates for trading which amounted to approximately RMB60,830,000 (2022: RMB25,160,000) and prepayment to suppliers of raw materials which amounted to approximately RMB30,645,000 (2022: RMB11,999,000) as at 31 December 2023.

(f) Other receivables

Included in the balance is proceeds receivable from disposal of property, plant and equipment amounting to approximately RMB4,198,000 (2022: RMB6,480,000) as at 31 December 2023.

25. TRADE AND OTHER PAYABLES

	Note	**2023 RMB'000**	2022 RMB'000
Trade payables	(i)	**102,809**	83,109
Value-added tax, resource tax and other tax payables		**13,664**	12,454
Payables for construction in progress and property, plant and equipment		**18,365**	20,067
Accrued expenses and other payables			
– Accrued expenses		**5,028**	2,497
– Accrued staff cost		**6,332**	6,099
– Other payables	(ii)	**13,394**	14,249
		56,783	55,366
Total trade and other payables		**159,592**	138,475

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:

	2023 **RMB'000**	2022 RMB'000
Within 30 days	**40,541**	41,920
31-60 days	**32,662**	10,398
61-90 days	**12,854**	16,555
91-180 days	**8,464**	12,674
Over 180 days	**8,288**	1,562
	102,809	83,109

Notes:

(i) The average credit period on purchase of goods is 30 days upon delivery. No interest is charged on overdue trade payable.

(ii) Included in the balance of other payables are an accrued outsourcing expense to a service vendor for arrangement of working force in the Solomon Islands for operation of the Gold Ridge Mine which amounted to approximately RMBNil (2022: RMB5,217,000) as at 31 December 2023, accrued royalties amounted to approximately RMB2,833,000 which were payable to the government of the Solomon Islands based on sales of gold doré and gold concentrates manufactured by the Solomon Project. (2022: RMBNil) and construction cost payable for the Gold Ridge Mine amounted to approximately RMB3,409,000 (2022: RMB4,469,000).

26. CONTRACT LIABILITIES

	2023 **RMB'000**	2022 RMB'000
Sales of processed concentrates products and classified as current liabilities	**40,232**	67,651

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 2023 and 2022 is as follows:

	RMB'000
As at 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 and 1 January 2023	67,651
Consideration received from customers during the year over the amounts of revenue recognised	39,978
Revenue recognised during the year that was included in contract liability at beginning of year	(67,397)
As at 31 December 2023	40,232

As at 31 December 2022, the Group considers the advance payment scheme offered to a customer amounting to approximately RMB63,824,000 (the "**Advance Payment Scheme**") 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 entity, at an effective interest rate of 3 month LIBOR+6.5% p.a. During the year ended 31 December 2023, the contract liabilities derived from the Advance Payment Scheme incurred in prior year has been fully recognised as revenue.

The directors of the Company considered that the balance of contract liabilities as at 31 December 2023 and 2022 will be recognised as revenue to profit or loss as follows:

	2023 RMB'000	2022 RMB'000
Within one year	**40,232**	67,651

27. LEASE LIABILITIES

	2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	**808**	215
Within a period of more than one year but not more than two years	**813**	–
Within a period of more than two years but less than five years	**1,490**	–
	3,111	215
Less: Amount due for settlement within 12 months shown under current liabilities	**(808)**	(215)
Amount due for settlement after 12 months shown under non-current liabilities	**2,303**	–

The weighted average incremental borrowing rate applied to the lease liabilities is 12.64% (2022: 8.39%).

28. AMOUNTS DUE TO/(FROM) RELATED PARTIES

	Note	2023 RMB'000	2022 RMB'000
Victor Soar Investments Limited ("**Victor Soar**")	(a), (b)	**4,648**	3,688
Mr. Gao Mingqing	(a)	**391**	(57)
Achieve Ample Investments Limited ("**Achieve Ample**")	(a), (c)	**265**	263
		5,304	3,894

Notes:

(a) All of the amounts above are non-trade in nature, interest free, unsecured and repayable on demand, of which approximately RMB4,913,000 (2022: RMB3,950,000) are denominated in HK$.

(b) Victor Soar held approximately 33.99% (2022: 33.99%) of the issued share capital of the Company as at 31 December 2023 and is wholly owned and controlled by Mr. Gao Mingqing.

(c) Ms. Gao Jinzhu, former executive director of the Company has an interest in 16.74% (2022: 16.74%) of the issued share capital of the Company as at 31 December 2023 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 Brigade 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 2023 and 2022, 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 unsecured, interest fee and repayable on demand.

30. BANK BORROWINGS

	2023 RMB'000	2022 RMB'000
Unsecured bank borrowings at:		
– fixed rate	**119,950**	40,000
Secured bank borrowings at:		
– fixed rate	**80,000**	147,000
– floating rate	**1,987**	2,444
	201,937	189,444
The carrying amounts of the above borrowing are repayable:		
– within one year	**199,950**	187,000
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities)	**1,987**	2,444
	201,937	189,444
Less: Amount due within one year shown under current liabilities	**(201,937)**	(189,444)
Amount shown under non-current liabilities	**–**	–

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:

	2023 %	2022 %
Effective interest rate for fixed rate borrowings (per annum)	**4.00 to 6.10**	4.60 to 6.10
Effective interest rate for floating rate borrowings (per annum)	**2.73 to 3.23**	1.94 to 2.73

The secured bank borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2023 RMB'000	2022 RMB'000
HK$	**1,987**	2,444

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:

	2023 **RMB'000**	2022 RMB'000
Government grant related to assets:		
At the beginning of the year	**6,331**	7,492
Released to profit or loss	**(1,161)**	(1,161)
At the end of the year	**5,170**	6,331

32. PROVISIONS FOR RESTORATION COSTS

	2023 **RMB'000**	2022 RMB'000
At beginning of the year	**8,145**	7,290
Provisions	**915**	855
At end of the year	**9,060**	8,145

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 2022, 31 December 2022 and 2023	1,000,000	100,000
At 1 January 2022, 31 December 2022 and 2023	828,000	82,800

	2023 RMB'000	2022 RMB'000
Shown in the consolidated statement of financial position	**67,881**	67,881

Note:

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. The Scheme was expired on 10 July 2022, and no share options have been granted, exercised, cancelled or lapsed under the Scheme during the year ended 31 December 2022.

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2023 RMB'000	2022 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	**485,677**	322,536
Other receivables and prepayments	**192**	5,835
Bank balances and cash	**1,014**	241
	486,883	328,612
CURRENT LIABILITIES		
Amount due to shareholders	**4,815**	3,853
Other payables	**1,544**	1,117
	6,359	4,970
NET CURRENT ASSETS	**480,524**	323,642
TOTAL ASSETS LESS CURRENT LIABILITIES	**492,396**	335,514
CAPITAL AND RESERVES		
Share capital	**67,881**	67,881
Reserves	**424,515**	267,633
TOTAL EQUITY	**492,396**	335,514

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

Movement in reserves:

	Share premium RMB'000	Exchange reserve RMB'000	(Accumulated loss)/Retained Profits RMB'000	Total RMB'000
At 1 January 2022	356,342	(9,556)	(32,829)	313,957
Loss 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
Profit and total comprehensive income for the year	–	23,453	216,229	239,682
Dividend recognised as distribution	(82,800)	–	–	(82,800)
At 31 December 2023	189,914	47,726	187,175	424,515

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:

	2023 RMB'000	2022 RMB'000
Property, plant and equipment	**37,369**	40,723
Right-of-use assets	**22,795**	23,442
Mining right	**–**	10,491
	60,164	74,656

36. CAPITAL COMMITMENTS

	2023 RMB'000	2022 RMB'000
Capital expenditure in respect of:		
– acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**14,079**	6,752

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 contribution bases 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 RMB3,553,000 (2022: RMB2,599,000).

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) × 2/3 × Years of service

Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "**Offsetting Arrangement**").

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Group does not consider the Amendment Ordinance to have material impact on the consolidated financial statements of the Group.

38. RELATED PARTY TRANSACTIONS

(a) Related party balances and transactions

Details of the balances with related parties as at 31 December 2023 and 2022 are set out in the consolidated statement of financial position and in note 28.

In addition, certain of the Group's bank borrowings of RMB119,950,000 (2022: RMB158,500,000) as set out in note 30 as at 31 December 2023 and 2022 were personally guaranteed by both Mr. Gao Mingqing and Ms. Gao Jinzhu, and bank borrowings of RMB70,000,000 (2022: RMB Nil) were personally guaranteed by Mr. Gao Mingqing.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other key management personnel during the year were as follows:

	2023 **RMB'000**	2022 RMB'000
Fees, salaries and other allowances	**9,145**	7,418
Discretionary bonuses	**479**	496
Retirement benefit scheme contributions	**446**	289
	10,070	8,203

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), payable to a former non-controlling shareholder of a subsidiary (note 29), 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 2023 and 2022.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets:		
Amortised cost	**286,904**	136,364
Financial liabilities:		
Amortised cost	**407,884**	371,411

(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 US$ (2022: SBD), 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$, AU$, SBD 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:

	2023 **RMB'000**	2022 RMB'000
Assets		
HK$	**1,306**	550
AU$	**4,240**	197
US$	**7,116**	3,377
SBD	**4,542**	–
Liabilities		
HK$	**8,305**	7,514
AU$	**1,852**	1,956
US$	**135**	–
SBD	**25,756**	–

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2022: 5%) increase or decrease in RMB against HK$, AU$, US$ and SBD. 5% (2022: 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% (2022: 5%) change in foreign currency rates.

	2023 **RMB'000**	2022 RMB'000
HK$ impact:		
5% decrease in the value of the functional currency RMB		
Decrease in post-tax profit for the year	**(262)**	(261)
5% increase in the value of the functional currency RMB		
Increase in post-tax profit for the year	**262**	261
AU$ impact:		
5% decrease in the value of the functional currency RMB		
Increase/(decrease) in post-tax profit for the year	**90**	(66)
5% increase in the value of the functional currency RMB		
(Decrease)/increase in post-tax profit for the year	**(90)**	66
US$ impact:		
5% decrease in the value of the functional currency RMB		
Increase in post-tax profit for the year	**262**	127
5% increase in the value of the functional currency RMB		
Decrease in post-tax profit for the year	**(262)**	(127)
SBD impact:		
5% decrease in the value of the functional currency RMB		
Decrease in post-tax profit for the year	**(796)**	–
5% increase in the value of the functional currency RMB		
Increase in post-tax profit for the year	**796**	–

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 (2022: 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 (2022: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2023 would decrease/increase by approximately RMB149,200 (2022: RMB503,400).

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 61% of total trade receivables as at 31 December 2023 (2022: 42%) 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 2023 were in the Solomon Islands (2022: 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.

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:

2023	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**	**180,205**
Trade receivables	24	**(note i)**	**Lifetime ECL**	**69,370**
Other receivables	24	**(note ii)**	**12-months-ECL**	**37,329**

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

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

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 2023 and 2022, 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.

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 2023						
Non-derivative financial liabilities						
Trade and other payables	–	**139,596**	–	–	**139,596**	**139,596**
Amounts due to related parties	–	**5,304**	–	–	**5,304**	**5,304**
Consideration payable to a former non-controlling shareholder of a subsidiary	–	**57,936**	–	–	**57,936**	**57,936**
Lease liabilities	**12.64**	**289**	**871**	**2,771**	**3,931**	**3,111**
Bank borrowings						
– fixed rate	**4.96**	**151,827**	**50,758**	–	**202,585**	**199,950**
– floating rate	**3.07**	**1,987**	–	–	**1,987**	**1,987**
		356,939	**51,629**	**2,771**	**411,339**	**407,884**
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

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 2023, the aggregate amounts of these bank borrowings amounted to approximately RMB1,987,000 (2022: RMB2,444,000).

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	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2023					
Bank borrowings with a repayment on demand clause	**141**	**422**	**1,549**	**2,112**	**1,987**
As at 31 December 2022					
Bank borrowings with a repayment on demand clause	137	412	2,059	2,608	2,444

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 2022	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 paid	–	–	–	–	83,628	–	83,628
At 31 December 2022	215	189,444	5,250	3,894	–	57,936	256,739
Financing cash flows	(1,166)	2,125	(7,169)	1,355	(82,800)	–	(87,655)
Non-cash changes							
Interest expenses	393	10,333	1,919	–	–	–	12,645
Addition of lease liabilities	3,580	–	–	–	–	–	3,580
Effect of foreign currency exchange differences	89	35	–	55	–	–	179
Dividend paid	–	–	–	–	82,800	–	82,800
At 31 December 2023	3,111	201,937	–	5,304	–	57,936	268,288

42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries directly and indirectly held by the Company as at 31 December 2023 and 2022 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 2023	Equity interest attributable to the Group 2022	Principal activities
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, mining and sales of processed concentrates and gold doré

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 material accounting policies of the Group before eliminations on intercompany transactions and balances are as follows:

Xizang Changdu

Financial information of statement of profit or loss and other comprehensive income

	2023 **RMB'000**	2022 RMB'000
Other income	**1**	1
Expenses and taxation	**(596)**	(286)
Loss for the year	**(595)**	(285)
Loss and other comprehensive expense for the year attributable to:		
Equity holders of the Company	**(304)**	(145)
Non-controlling interests of the Group	**(291)**	(140)
	(595)	(285)

AXF Gold Ridge Pty Ltd

Financial information of consolidated statement of profit or loss

	2023 **RMB'000**	2022 RMB'000
Revenue	**658,316**	47,959
Other gain or loss	**(7,818)**	(752)
Expenses and taxation	**(464,354)**	(82,816)
Profit/(loss) for the year	**186,144**	(35,609)
Profit/(loss) for the year attributable to:		
Equity holders of the Company	**130,301**	(24,927)
Non-Controlling interests of the Group	**55,843**	(10,682)
	186,144	(35,609)

43. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Xizang Changdu

Financial information of statement of financial position

	2023 RMB'000	2022 RMB'000
Non-current assets	**506,499**	503,417
Current assets	**263**	784
Current liabilities	**(9,976)**	(6,819)
Non-current liabilities	**(78,041)**	(78,041)
	418,745	419,341
Equity attributable to:		
Equity holders of the Company	**213,560**	213,864
Non-controlling interests of the Group	**205,185**	205,477
	418,745	419,341

Financial information of statement of cash flows

	2023 RMB'000	2022 RMB'000
Net cash inflow from operating activities	**2,659**	2,553
Net cash outflow from investing activities	**(3,161)**	(1,917)
Net cash (outflow)/inflow	**(502)**	636

AXF Gold Ridge Pty Ltd

Financial information of consolidated statement of financial position

	2023 RMB'000	2022 RMB'000
Non-current assets	**724,240**	639,700
Current assets	**293,173**	193,123
Current liabilities	**(388,908)**	(313,286)
Non-current liabilities	**(129,620)**	(200,680)
	498,885	318,857
Equity attributable to:		
Equity holders of the Company	**349,219**	223,200
Non-controlling interests of the Group	**149,666**	95,657
	498,885	318,857

44. EVENT AFTER THE REPORTING PERIOD

On 6 March 2024, Gold Ridge Mining Limited ("**Employer**"), an indirect non-wholly owned subsidiary of the Company, which owns the Gold Ridge Mine in the Solomon Islands, entered into an Engineering, Procurement and Construction Contract (the "**EPC Contract**") with Jiangxi Water and Hydropower Construction Group Co., Ltd.*（江西省水利水電建設集團有限公司）("**Contractor**") in respect of the construction of a secondary hydropower station at the Gold Ridge Mining Limited Site (the "**Site**") (the "**EPC Project**"), with contract price of approximately USD47.27 million.

The EPC Project was scheduled to commence on 23 March 2024 or upon the full satisfaction of the conditions precedent, whichever date is later ("**Commencement Date**") and be completed in 36 months from the Commencement Date.

The Company, as a guarantor, will provide the guarantee to secure the Employer's performance of its obligations under the EPC Project. Yifeng Wanguo shall also undertake joint liability guarantee for the Employer's payment obligations to the Contractor under this EPC Project.

To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, the Contractor and its ultimate beneficial owners, who are 41 individual shareholders. Except the single largest shareholder, Wang Yuandan（王元旦）, who controls approximately 38.5% of the shares of the Contractor, the remaining ultimate beneficial owners of the Contractor each control no more than 10% of the share of the Contractor. All the shareholders of the Contractor are third parties independent of the Company and the connected persons of the Company as at the date of the consolidated financial statements.

For details, please refer to the Company's announcements dated 6 March 2024 and 8 March 2024.

Summary Financial Information

RESULTS

	For the year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**1,315,517**	681,418	2,014,395	1,394,144	311,155
Profit before tax	**421,649**	209,222	220,945	100,908	65,450
Income tax expenses	**(30,710)**	(39,504)	(39,305)	(16,021)	(10,044)
Profit for the year	**390,939**	169,718	181,640	84,887	55,406
Profit attributable to owners of the Company	**335,387**	180,540	193,432	86,711	55,539

	As at 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**1,678,044**	1,615,487	1,504,047	1,350,379	1,213,461
Current assets	**683,559**	422,476	294,713	103,859	50,023
Current liabilities	**494,098**	487,022	(330,960)	(310,118)	(288,767)
Total assets less current liabilities	**1,867,505**	1,550,941	1,467,800	1,144,120	974,717
Non-current liabilities	**(107,039)**	(101,342)	(140,389)	(144,736)	(144,210)
Non-controlling interests	**(354,851)**	(301,134)	(287,464)	(286,795)	(210,443)
Equity attributable to owners of the Company	**1,405,615**	1,148,465	1,039,947	712,589	620,064