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 RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHT:

	Year ended 31 December		
	2022	2021	**Increase/**
	RMB'000	*RMB'000*	**(Decrease)**
Revenue	**681,418**	2,014,395	(66.2%)
Cost of sales	**(365,734)**	(1,698,188)	(78.5%)
Gross profit	**315,684**	316,207	(0.2%)
Gross profit margin	**46.3%**	15.7%	30.6p.pt
Profit before tax	**209,222**	220,945	(5.3%)
Profit attributable to owners of the Company	**180,540**	193,432	(6.7%)

- Revenue decreased by 66.2% to approximately RMB681.4 million.
- Gross profit decreased by 0.2% to approximately RMB315.7 million.
- Gross profit margin increased by 30.6 percentage points to 46.3%.
- Profit attributable to owners of the Company decreased by 6.7% to approximately RMB180.5 million.
- Basic earnings per share was RMB21.8 cents (2021: RMB23.9 cents).
- The Board recommended the payment of a final dividend of RMB10.00 cents (equivalent to approximately HK$11.19 cents) per share (2021: RMB10.10 cents per share).

The board (the "**Board**") of directors (the "**Directors**") of Wanguo International Mining Group Limited (the "**Company**") is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022 together with comparative figures for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**727,004**	632,384
Right-of-use assets		**54,817**	56,164
Mining rights	*12*	**274,278**	271,974
Exploration and evaluation assets	*13*	**201,471**	189,227
Other intangible asset	*14*	**312,165**	312,165
Intangible assets		**3,723**	3,935
Deposit for purchase of property, plant and equipment		**34,872**	31,638
Deferred tax assets		**3,930**	3,890
Restricted bank balances		**3,227**	2,670
		1,615,487	1,504,047
CURRENT ASSETS			
Inventories		**157,821**	18,649
Trade and other receivables	*15*	**196,460**	159,770
Bank balances and cash			
– cash and cash equivalents		**67,941**	116,294
– restricted bank balances		**254**	–
		422,476	294,713
CURRENT LIABILITIES			
Trade and other payables	*16*	**138,475**	119,564
Contract liabilities		**67,651**	25,572
Lease liabilities		**215**	278
Amounts due to related parties	*17*	**3,894**	5,861
Consideration payable to a former non-controlling shareholder of a subsidiary		**57,936**	57,936
Tax payable		**29,407**	32,270
Bank borrowings	*18*	**189,444**	89,479
		487,022	330,960
NET CURRENT LIABILITIES		**(64,546)**	(36,247)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,550,941**	1,467,800

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT LIABILITIES			
Bank borrowings	18	–	38,500
Lease liabilities		–	196
Deferred income		**6,331**	7,492
Deferred tax liabilities		**86,866**	86,911
Provisions for restoration costs		**8,145**	7,290
		101,342	140,389
CAPITAL AND RESERVES			
Share capital	19	**67,881**	67,881
Reserves		**1,080,584**	972,066
Equity attributable to owners of the Company		**1,148,465**	1,039,947
Non-controlling interests		**301,134**	287,464
TOTAL EQUITY		**1,449,599**	1,327,411
		1,550,941	1,467,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HKFRS 9 *Financial Instruments*
The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

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

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

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

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

New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to HKAS 8 Definition of Accounting Estimates

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

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

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

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

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

The Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;

- is exposed, or has rights, to variable returns from its investment with the investee; and

- has the ability to use its power to affect its returns.

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

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.

4. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

Performance obligations for contracts with customers

Revenue from sales of processed concentrates of various metals

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

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

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

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

Information about major customers

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

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

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

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

[3] Revenue from sales of electrolytic copper

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 are detailed below:

	Revenue		Non-current assets*	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**633,459**	2,014,395	**1,026,755**	1,023,213
Solomon Islands	**47,959**	–	**574,973**	467,647
Australia	**–**	–	**56**	56
Hong Kong	**–**	–	**6,546**	6,571
	681,418	2,014,395	**1,608,330**	1,497,487

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

5. OTHER INCOME

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

Notes:

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

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

6. OTHER GAINS AND LOSSES

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

7. FINANCE COSTS

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

8. INCOME TAX EXPENSE

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

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

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

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

9. PROFIT FOR THE YEAR

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

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

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

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

10. EARNINGS PER SHARE

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

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

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

11. DIVIDEND

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

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

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

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

12. MINING RIGHTS

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

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

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

As at 31 December 2022, the mining right in the Xinzhuang Mine with carrying amount of approximately RMB10,491,000 (2021: RMB11,557,000) was pledged to a bank to secure loan facilities granted to the Group.

Impairment test on mining projects in Yifeng, Jiangxi Province, the PRC ("Yifeng Projects")

In view of the impact of COVID-19 pandemic in the economic environment in which the Group operates, the directors of the Company have performed impairment assessment on the property, plant and equipment with carrying amount of approximately RMB450,010,000 (2021: RMB438,771,000), mining right with carrying amount of approximately RMB10,491,000 (2021: RMB11,557,000), right-of-use assets with carrying amount of approximately RMB54,618,000 (2021: RMB55,697,000) and intangible assets with carrying amount of approximately RMB3,723,000 (2021: RMB3,935,000), with aggregate carrying amount of approximately RMB518,842,000 (2021: RMB509,960,000) which belong to the Yifeng Projects being carried out in the Xinzhuang Mine, which are principally engaged in mining and processing of ores and sales of processed concentrates in the PRC. Management's assessment of the recoverable amount of these assets was performed on the Yifeng Projects as a single CGU. The Group's own mined metallic concentrates are produced by the Yifeng Projects. The recoverable amount of this CGU has been determined by the directors of the Company based on value-in-use calculations. The pre-tax discount rate in measuring the amount of value in use is 20% per annum in relation to this CGU (2021: 18% per annum). The discounted cash flow analysis used cash flow projections with a growth rate of 2% (2021: 2%) per annum being applied for estimated selling prices, direct costs and expenses. The growth rate reflects the long-term growth rate for the country in which the entity of the CGU operates. The key assumptions also include budgeted sales volume and budgeted gross margins based on past performance and management expectations of market development, and taking into account the estimated mineral resources reserves of the Xinzhuang Mine based on a technical report. There has been no change from the valuation technique used in prior year. As a result of the impairment assessment, no impairment loss had been recognised in respect of the property, plant and equipment, mining right, right-of-use assets and intangible assets in relation to the Yifeng Projects during the year ended 31 December 2022 (2021: Nil). Management believes that any reasonably possible change in any of above assumptions would not cause the carrying amount of this CGU to exceed the recoverable amount of this CGU.

Impairment test on Gold Ridge Project

The directors of the Company have performed impairment assessment on the mining right with carrying amount of approximately RMB263,787,000 (2021: RMB260,417,000), evaluation and exploration assets with carrying amount of approximately RMB10,325,000 (2021: RMBNil) and property, plant and equipment with carrying amount of approximately RMB266,474,000 (2021: RMB183,243,000) of Gold Ridge Project for gold production. Management's assessment of the recoverable amount of these assets was performed on Gold Ridge Project as a single CGU. The recoverable amount of this CGU has been determined by an independent professional valuer, Vision Appraisal and Consulting Ltd, based on value in use calculations (2021: fair value less cost of disposals calculations) which is determined by discounted cash flow approach. The pre-tax discount rate (2021: post-tax discount rate) in measuring the amount of value in use (2021: fair value less cost of disposal) is 31% (2021: 25%) per annum in relation to this CGU. As a result of the impairment assessment, no impairment loss had been recognised in respect of the mining right, evaluation and exploration assets and property, plant and equipment (2021: mining right and property, plant and equipment) of the Gold Ridge Project during the year ended 31 December 2022 (2021: Nil).

The key assumptions for the value in use (2021: fair value less cost of disposal) calculation are those regarding the pre-tax discount rate of 31% (2021: post-tax discount rate of 25%), zero growth rate (2021: zero growth rate) being applied for estimated selling prices, direct costs and expenses, and budgeted production plan of 14 years from 2023 to 2036 (2021: 14 years from 2022 to 2035), which is according to the legal life of the mining right estimated by the directors of the Company. The discount rate had been determined based on the market comparables. The growth rate reflects the long-term growth rate for the country in which the entity of the CGU operates. The budgeted production plan had been determined based on the management's expectation for the market development, technical report, feasibility study of the above mine and the expected production capacity of the relevant cash generating unit.

Apart from the considerations described above in determining the value in use (2021: fair value less cost of disposal) of the cash-generating unit, the Group's management is not currently aware of any other probable changes that would necessitate changes in these key assumptions. However, the estimate of recoverable amount of the Group's cash generating units is particularly sensitive to the discount rate applied.

The fair values less cost of disposal of this cash generating unit as at 31 December 2021 was classified as level 3 fair value measurement.

13. EXPLORATION AND EVALUATION ASSETS

	RMB'000
COST	
At 1 January 2021	190,824
Additions	2,720
At 31 December 2021	193,544
Additions	12,127
Effect of foreign currency exchange difference	117
At 31 December 2022	205,788
ACCUMULATED IMPAIRMENT LOSS	
At 1 January 2021	–
Impairment loss recognised	(4,317)
At 31 December 2021 and 2022	(4,317)
CARRYING VALUES	
At 31 December 2022	201,471
At 31 December 2021	189,227

The exploration and evaluation assets represent all costs directly associated with exploration and evaluation and are initially capitalised. As at 31 December 2022, the exploration and evaluation assets related to costs of the activities which occurred in the area of Changdu, Tibet Autonomous Region, the PRC, which is the principal place of business of Xizang Changdu, with carrying amount of approximately RMB191,146,000 (2021: RMB189,227,000), and Solomon Islands, which is the principal place of business of the Gold Ridge Project, with carrying amount of approximately RMB10,325,000 (2021: RMBNil).

During the current year, the Group incurred costs directly associated with the exploration and evaluation assets of approximately RMB12,127,000 (2021: RMB2,720,000).

Please refer to Note 14 for impairment assessment.

14. OTHER INTANGIBLE ASSET

	RMB'000
COST	
At 1 January 2021, 31 December 2021 and 2022	319,288
ACCUMULATED IMPAIRMENT LOSS	
At 1 January 2021	–
Impairment loss recognised	(7,123)
At 31 December 2021 and 2022	(7,123)
CARRYING VALUES	
At 31 December 2022	312,165
At 31 December 2021	312,165

In addition to the exploration and evaluation assets as set out in note 13 above, the Group has recognised other intangible asset pursuant to the acquisition of Xizang Changdu which represents, in the opinion of the directors, premium paid for the mining right license to be obtained by Xizang Changdu to conduct mining activities in the lead mine in Walege of the Changdu County, Tibet Autonomous Region, the PRC, owned by Xizang Changdu. The Group is in the process of applying the mining permit for the above mine with the relevant regulatory authorities and the directors of the Company expect the mining permit will be granted to the Group without significant cost in the foreseeable future. The relevant mining permit, when granted to the Group, will allow the Group to mine up to a predetermined level of ore every year from the date of grant through the expiry of the mining license.

Impairment test on Xizang Changdu

The directors of the Company have performed impairment assessment on the exploration and evaluation assets and other intangible asset of Xizang Changdu. Management's assessment of the recoverable amount of these assets was performed on Xizang Changdu as a single CGU. The recoverable amounts of this CGU has been determined by an independent professional valuer, Vision Appraisal and Consulting Limited, based on fair value less cost of disposals calculations which is determined by discounted cash flow approach. The post-tax discount rates in measuring the amount of fair value less cost of disposal is 21% (2021: 21%) per annum in relation to this CGU. As a result of the impairment assessment, no impairment loss (2021: impairment loss of approximately RMB4,317,000) in respect of exploration and evaluation assets and no impairment loss (2021: impairment loss of approximately RMB7,123,000) in respect of other intangible asset has been recognised in profit or loss during the year ended 31 December 2022.

The key assumptions for the fair value less cost of disposal calculation are those regarding the discount rate, growth rate of 2% per annum (2021: 2%) being applied for estimated selling prices, direct costs and expenses, and budgeted production plan of 16 years from 2025 to 2040 (2021: 16 years from 2025 to 2040). The discount rate had been determined based on the market comparables. The growth rate reflects the long-term growth rate for the country in which the entity of the CGU operates. The budgeted production plan had been determined based on the management's expectation for the market development, pre-feasibility study of the above mine and the expected production capacity of Xizang Changdu.

Apart from the considerations described above in determining the fair value less cost of disposal of the cash-generating unit, the Group's management is not currently aware of any other probable changes that would necessitate changes in these key assumptions. However, the estimate of recoverable amount of the Group's cash generating units is particularly sensitive to the discount rate applied.

The fair values less cost of disposal of these cash generating units are classified as level 3 fair value measurement.

15. TRADE AND OTHER RECEIVABLES

	Note	**2022**	2021
		RMB'000	*RMB'000*
Trade receivables from contracts with customers		**13,151**	2,057
Bills receivables		**–**	2,704
Trade and bills receivables	*(a)*	**13,151**	4,761
Amount due from a related company	*(b)*	**3**	3
Amount due from a non-controlling shareholder	*(c)*	**23,569**	–
Prepayments and other receivables			
– prepayments to major subcontractors	*(d)*	**88,515**	77,588
– prepayments to other suppliers	*(e)*	**43,000**	69,189
– Other receivables		**28,222**	8,229
		183,309	155,009
Total trade and other receivables		**196,460**	159,770

(a) Trade and bills receivable

As at 1 January 2021, trade receivables from contracts with customers amounted to approximately RMB4,097,000.

For long-term customers with good credit quality and payment history, the Group allows credit periods of no longer than 60 days for sales of certain products. For others, the Group generally requests for deposits in advance from customers. The following is an aged analysis of trade and bills receivables presented based on the invoice dates at the end of the reporting period as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 30 days	**13,073**	4,611
Over 90 days	**78**	150
	13,151	4,761

No trade and bills receivables are past due as at the end of the reporting period. The Group does not hold any collateral over these balances.

The ECL for trade receivables as at 31 December 2022 and 2021 have been assessed collectively based on the trade debtors' aging, grouped by debtor balances that are not yet due and different aging brackets of numbers of days past due (if any). Based on the assessment of the management of the Group, allowance for credit losses from the trade receivables as at 31 December 2022 and 2021 is insignificant.

As at 31 December 2021, the above bills receivable were held by the Group for future settlement of trade receivables. All bills receivable held by the Group were with a maturity period of less than one year.

(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 in respect of its deemed contribution to the subsidiary. The balance is interest free, unsecured and repayable on demand.

(d) Prepayments to major subcontractors

Included in the balance is prepayment of subcontracting fee to mining subcontractors by the subsidiaries GRML and Yifeng Wanguo for mining of ores, which amounted to approximately RMB100,000 (2021: RMB30,294,000) and RMB88,415,000 (2021: RMB47,294,000) respectively as at 31 December 2022.

(e) Prepayments to other suppliers

Included in the balance is prepayment to suppliers of metal concentrates for trading which amounted to approximately RMB25,160,000 (2021: RMB43,504,000) and prepayment to suppliers of raw materials which amounted to approximately RMB11,999,000 (2021: RMB15,093,000) as at 31 December 2022.

16. TRADE AND OTHER PAYABLES

	Note	2022 RMB'000	2021 RMB'000
Trade payables	(i)	**83,109**	13,975
Bills payables	(ii)	**–**	30,000
Trade and bills payables		**83,109**	43,975
Value-added tax, resource tax and other tax payables		**12,454**	36,126
Payables for construction in progress and property, plant and equipment		**20,067**	13,943
Accrued expenses and other payables			
– Accrued expenses		**2,497**	2,267
– Accrued staff cost		**6,099**	6,680
– Other payables	(iii)	**14,249**	16,573
		55,366	75,589
Total trade and other payables		**138,475**	119,564

The aged analysis of trade payables, presented based on the delivery date at the end of the reporting period, is as follows:

	2022 RMB'000	2021 RMB'000
Within 30 days	**41,920**	9,906
31-60 days	**10,398**	1,939
61-90 days	**16,555**	693
91-180 days	**12,674**	665
Over 180 days	**1,562**	772
	83,109	13,975

The following is an aged analysis of bills payables based on the date of issue of bills:

	2022 RMB'000	2021 RMB'000
Over 180 days	**–**	30,000
	–	30,000

Notes:

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

(ii) The bills payable were pledged by a restricted deposit made by Yifeng Wanguo, which had to be settled within one year from the date of issue.

(iii) Included in the balance of other payables are an accrued outsourcing expense to a service vendor for arrangement of working force in Solomon Islands for operation of the Gold Ridge Mine which amounted to approximately RMB5,217,000 (2021: RMB6,623,000), and construction cost payable for the Gold Ridge Mine amounted to approximately RMB4,469,000 (2021: Nil) as at 31 December 2022.

17. AMOUNTS DUE TO/(FROM) RELATED PARTIES

	Note	**2022** ***RMB'000***	2021 *RMB'000*
Victor Soar Investments Limited ("**Victor Soar**")	*(a), (b)*	**3,688**	3,621
Mr. Gao Mingqing	*(a)*	**(57)**	–
Ms. Gao Jinzhu	*(a), (c)*	**–**	2,000
Achieve Ample Investments Limited ("**Achieve Ample**")	*(a), (c)*	**263**	240
		3,894	5,861

Notes:

(a) All of the amounts above are non-trade in nature, interest free, unsecured and repayable on demand, of which approximately RMB3,950,000 (2021: RMB3,861,000) are denominated in HK$.

(b) Victor Soar held approximately 33.99% (2021: 33.99%) of the issued share capital of the Company as at 31 December 2022 and is wholly owned and controlled by Mr. Gao Mingqing.

(c) Ms. Gao Jinzhu, former executive director of the Company is interested in 16.74% (2021: 16.74%) of the issued share capital of the Company as at 31 December 2022 via Achieve Ample which is wholly owned and controlled by her.

18. BANK BORROWINGS

	2022	2021
	RMB'000	*RMB'000*
Unsecured bank borrowings at:		
– fixed rate	**40,000**	49,800
Secured bank borrowings at:		
– fixed rate	**147,000**	75,500
– floating rate	**2,444**	2,679
	189,444	127,979
The carrying amounts of the above borrowing are repayable:		
– within one year	**187,000**	86,800
– within a period of more than one year but not exceeding two years	**–**	38,500
	187,000	125,300
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities)	**2,444**	2,679
	189,444	127,979
Less: Amount due within one year shown under current liabilities	**(189,444)**	(89,479)
Amount shown under non-current liabilities	**–**	38,500

19. SHARE CAPITAL

Details of share capital of the Company are as follows:

	Number of shares *'000*	Share capital *HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2021, 31 December 2021 and 31 December 2022	1,000,000	100,000
Issued:		
At 1 January 2021	720,000	72,000
Shares issued in share subscriptions arrangement *(note a)*	108,000	10,800
At 31 December 2021 and 2022	828,000	82,800

	2022 ***RMB'000***	2021 *RMB'000*
Shown in the consolidated statement of financial position	**67,881**	67,881

Notes:

(a) On 2 March 2021, pursuant to a subscription agreement dated 26 January 2021 between the Company and an independent subscriber, the Company issued 108,000,000 new ordinary shares of HK$0.10 each at a price of HK$2.18 per share to the independent subscriber. Details of the share subscription were contained in the Company's announcements dated 29 December 2020, 22 February 2021 and 2 March 2021.

(b) The Company has adopted a share option scheme (the "**Scheme**") on 12 June 2012 to which the directors and eligible employees, among others are entitled to participate in. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Details of the Scheme are set out in the directors' report section of the annual report. No share options have been granted, exercised, cancelled or lapsed under the Scheme during the years ended 31 December 2022 and 2021. The Scheme was expired on 10 July 2022.

MARKET REVIEW

Copper

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

Iron

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

Zinc

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

Lead

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

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

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

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

Gold and Silver

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

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

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

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

BUSINESS REVIEW

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

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

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

EXPANSION IN EXISTING MINES

Xinzhuang Mine

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

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

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

Walege Mine

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

Gold Ridge Mine

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

EXPANSION IN SURROUNDING AREAS

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

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

MINERAL RESOURCES AND RESERVES

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

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

Notes:

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

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

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

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

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

Notes:

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

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

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

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

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

Notes:

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

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

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

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

JORC Mineral Resource Category	Tonnes	Gold Grade	Contained Gold	As	Cu	S
	(Mt)	*(g/t Au)*	*(k oz Au)*	*(ppm)**	*(ppm)**	*(%)**
Measured	23.8	1.35	1,034	231	84	1.52
Indicated	20.3	1.34	875	119	88	1.43
Inferred	31.2	1.55	1,558	79	91	1,47
Total**	**75.4**	**1.43**	**3,466**	**138**	**88**	**1.47**

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

** *Totals may not add up due to rounding.*

Notes:

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

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

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

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

Gold Ridge Mine Ore Reserves Summary as at 31 December 2022

Ore Reserve Class	**Tonnes** *(Mt)*	**Gold Grade** *(g/t Au)*	**Contained Gold** *(k oz Au)*
Probable	**31.0**	**1.42**	**1,420**

Notes:

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

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

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

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

5) Apparent differences may occur due to rounding.

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

FINANCIAL REVIEW

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

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

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

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

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

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

Xinzhuang Mine – concentrates products

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

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

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

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

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

Gold Ridge Mine – gold dore

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

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

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

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

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

Other income

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

Other gains and losses

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

Distribution and selling expenses

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

Administrative expenses

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

Finance costs

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

Impairment loss on exploration and evaluation assets and other intangible asset

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

Income tax expense

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

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

Profit for the year

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

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

Profit attributable to owners of our Company

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

Analysis of property, plant and equipment and construction in progress

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

Analysis of inventories

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

Analysis of trade and bills receivables

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

Analysis of trade payables

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

Liquidity and capital resources

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

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

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

Borrowings

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

Gearing Ratio

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

Capital Expenditure

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

Contractual Obligations and Capital Commitment

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

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

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

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

Contingent Liabilities

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

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

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

Future Plan for Material Investments and Capital Assets

Save as disclosed in this announcement, 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 announcement.

Charge on Group Assets

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

Exposure to Fluctuations in Exchange Rates

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

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

Interest Rate Risk

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

Financial Instruments

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

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER OF MEMBERS

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

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, we had a total of 774 (2021: 606) employees, excluding the independent third-party contractor which is responsible for underground mining work in Xinzhuang Mine. Such increase was attributable to increase in employees in our Gold Ridge Mine. The remuneration of the employees of the Group is based on their experience, qualifications, and competence. Other employees' benefits include contributions to statutory mandatory provident funds for our Hong Kong employees, superannuation for our Australia employees, national provident funds for our Solomon Islands employees, and social insurance together with housing provident funds for our PRC employees.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Xinzhuang Mine

Mineral exploration

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

Development

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

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

Mining activities

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

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

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

Walege Mine

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

Mineral exploration

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

Development

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

Mining activities

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

Gold Ridge Mine

Mineral exploration

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

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

Development

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

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

Mining activities

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

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

PROSPECT

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

Growing production at our mine and outsourcing our mining works

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

Horizontal expansion through future acquisitions of new mines

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

OUTLOOK

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

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

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

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

CORPORATE GOVERNANCE PRACTICES

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

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.

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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

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

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

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

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

SCOPE OF WORK OF KTC PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, KTC Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KTC Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC Partners CPA Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2022. The report includes paragraphs of an emphasis of matter, without qualification.

"**Opinion**

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

Material Uncertainty Related to Going Concern

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

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Tsang Wai Hung (chairman of the Audit Committee), Mr. Wong Chi Ming Ming and Mr. Wang Xin. The purpose of the establishment of the Audit Committee is for reviewing and supervising the financial reporting process, risk management and internal control system of the Group. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2022 and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.wgmine.com. The 2022 annual report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

By Order of the Board
Wanguo International Mining Group Limited
Gao Mingqing
Chairman

Hong Kong, 15 March 2023

As at the date of this announcement, the Board comprises Mr. Gao Mingqing (Chairman), Mr. Liu Zhichun, Mr. Wang Renxiang and Ms. Wang Nan as executive Directors; and Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin as independent non-executive Directors.