



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

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

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



**Interim  
Report  
2022**

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# Corporate Information

## DIRECTORS

### Executive Directors:

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

### Independent non-executive Directors:

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

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## COMPANY SECRETARY

Wong Chi Wah (*HKICPA, FCCA*)

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Xinzhuang Township Yifeng County  
Jiangxi Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## REGISTERED OFFICE

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113 South Church Street  
P.O. Box 10240  
Grand Cayman, KY1-1002  
Cayman Islands

## CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
(effective from 15 August 2022, its address will be relocated to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong)

## AUDITOR

Crowe (HK) CPA Limited  
*Certified Public Accountants*  
9/F, Leighton Centre,  
77 Leighton Road,  
Causeway Bay,  
Hong Kong

## LEGAL ADVISER

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

## PRINCIPAL BANKER

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

## STOCK CODE

3939

## COMPANY WEBSITE

[www.wgmine.com](http://www.wgmine.com)



# Management Discussion and Analysis

## BUSINESS REVIEW

Wanguo International Mining Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “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-silver 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.

### Operating performance

The following table sets forth the volume of respective products sold at the Xinzhuang Mine during the six months ended 30 June 2022 compared to the corresponding period in 2021.

	Six months ended 30 June		
	2022 Volume (tonnes)	2021 Volume (tonnes)	Changes (approximate %)
Copper in copper concentrates	2,275	1,809	25.8
Zinc in zinc concentrates	1,765	3,357	(47.4)
Iron concentrates	48,615	50,922	(4.5)
Sulfur concentrates	117,182	90,636	29.3
Lead in lead concentrates	323	566	(42.9)
Sulfur and iron concentrates	16,360	8,518	92.1
Gold in concentrates (kg)	79	99	(20.2)
Silver in concentrates (kg)	5,497	4,192	31.1
Copper in concentrates (kg)	69	171	(59.6)

The following table sets forth the volume of ores mined and processed at our Xinzhuang Mine during the six months ended 30 June 2022 and 2021 respectively.

	Six months ended 30 June		
	2022 Volume (tonnes)	2021 Volume (tonnes)	Changes (approximate %)
Volume of ores mined	506,320	490,401	3.2
Volume of ores processed	495,602	494,242	0.3

During the six months ended 30 June 2022, the lead-zinc processing plant was under reconstruction according to the expansion plan of 900,000 tpa, which resulted in drop in the sales volume of zinc in zinc concentrates and lead in lead concentrates. In turn, Xinzhuang Mine focused on the production of copper concentrates to compensate the low production volume from the lead-zinc processing plant.

# Management Discussion and Analysis

## EXPANSION IN EXISTING MINES

### Xinzhuang Mine

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

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

### Walege Mine

During the first half of 2022, the Group applied for delineation of the mining area permission from the Department of Natural Resources of the Tibet Autonomous Region, was in progress of the preparation 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.

### Gold Ridge Mine

Recommissioning activities were back on track in March 2022 as the wave of COVID subsided. Heap leach operation progressed well. Cyanidation process continued at the second and third heaps following the completion of ore piling. Test run of various parts of flotation plant, including gensets and power control system, was executed in the first half of 2022. The trial production is anticipated in the second half of this year.

## FINANCIAL REVIEW

	Six months ended 30 June					
	Concentrates products (own mined) RMB'000 (unaudited)	Trading of electrolytic copper and lead and other concentrate (sourced outside) RMB'000 (unaudited)	2022 Total RMB'000 (unaudited)	Concentrates products (own mined) RMB'000 (unaudited)	Trading of electrolytic copper and lead and other concentrate (sourced outside) RMB'000 (unaudited)	2021 Total RMB'000 (unaudited)
Revenue	293,967	36,523	330,490	267,183	555,630	822,813
Cost of sales	(134,537)	(36,500)	(171,037)	(119,401)	(555,223)	(674,624)
Gross profit	159,430	23	159,453	147,782	407	148,189
Gross profit margin	54.2%	0.1%	48.2%	55.3%	0.1%	18.0%

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

The Group's overall revenue reported a decrease by approximately 59.8% from approximately RMB822.8 million for the six months ended 30 June 2021 to approximately RMB330.5 million for the six months ended 30 June 2022. Our cost of sales decreased by 74.7% from approximately RMB674.6 million for the six months ended 30 June 2021 to approximately RMB171.0 million for the six months ended 30 June 2022.

# Management Discussion and Analysis

The overall gross profit of the Group increased by approximately 7.6% from approximately RMB148.2 million for the six months ended 30 June 2021 to approximately RMB159.5 million for the six months ended 30 June 2022. The overall gross profit margin increased from approximately 18.0% for the six months ended 30 June 2021 to approximately 48.2% for the six months ended 30 June 2022. Such increase was mainly attributable to the gradual termination of trading of electrolytic copper and lead, which had a low gross profit margin.

## **(i) Concentrated products (own mined)**

Revenue from sales of concentrates products increased by approximately 10.0% from approximately RMB267.2 million for the six months ended 30 June 2021 to approximately RMB294.0 million for the six months ended 30 June 2022.

For the six months ended 30 June 2022, we sold 2,275 tonnes of copper in copper concentrates, 1,765 tonnes of zinc in zinc concentrates and 48,615 tonnes of iron concentrates, compared to 1,809 tonnes, 3,357 tonnes and 50,922 tonnes respectively for the six months ended 30 June 2021, representing an increase of approximately 25.8% for copper in copper concentrates which was principally attributable to the increase in production efficiency with the use of upgraded machines and technology improvements in both mining and processing processes, and decreases of approximately 47.4% and 4.5% for zinc in zinc concentrated and iron concentrates respectively which were principally 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, zinc in zinc concentrates and iron concentrates for the six months ended 30 June 2022 were RMB57,405, RMB16,748 and RMB844 per tonne respectively, compared to RMB53,486, RMB14,414 and RMB1,021 per tonne respectively for the six months ended 30 June 2021, representing increases of approximately 7.3% and 16.2% and a decrease of 17.3% respectively, resulting from the increase in demand of copper in copper concentrates and zinc in zinc concentrates under the Russian-Ukrainian conflict, and decrease in demand of iron concentrates under slowdown of property market.

The cost of sales of concentrates products increased by approximately 12.6% from approximately RMB119.4 million for the six months ended 30 June 2021 to approximately RMB134.5 million for the six months ended 30 June 2022, which was mainly driven by the corresponding increase in sales revenue.

The gross profit of concentrates products for the six months ended 30 June 2022 was approximately RMB159.4 million, which represented an increase of approximately 7.8% compared to approximately RMB147.8 million for the six months ended 30 June 2021. The gross profit margin decreased from approximately 55.3% for the six months ended 30 June 2021 to approximately 54.2% for the six months ended 30 June 2022. Such decrease was mainly attributable to the decline in the selling price of certain concentrates.

## **(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 93.4% from approximately RMB555.6 million for the six months ended 30 June 2021 to approximately RMB36.5 million during the six months ended 30 June 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 93.4% from approximately RMB555.2 million during the six months ended 30 June 2021 to approximately RMB36.5 million during the six months ended 30 June 2022, such decrease was in line with the sales revenue.

The gross profit of trading of electrolytic copper, electrolytic lead and other concentrates decreased by approximately 94.3% from approximately RMB407,000 during the six months ended 30 June 2021 to approximately RMB23,000 during the six months ended 30 June 2022. The gross profit margins were comparable in the periods.

# Management Discussion and Analysis

## Other income

Our other income comprised mainly bank interest income of approximately RMB0.2 million, incentives received from a local governmental authority of approximately RMB0.7 million and government grant and subsidy to Yifeng Wanguo in relation to the mining technology improvement of approximately RMB0.6 million for the six months ended 30 June 2022. Other income increased by approximately RMB0.3 million compared with the corresponding period in 2021, which was attributable to the increase in incentives received from a local governmental authority.

## Other gains and losses

Our other gains and losses decreased by approximately RMB6.5 million from losses of approximately RMB7.4 million to losses of approximately RMB0.9 million, which comprised mainly unrealised exchange loss of approximately RMB0.9 million for the six months ended 30 June 2022 as a result of the translation of Australian dollars and Hong Kong dollars into Renminbi, whereas for the six months ended 30 June 2021, unrealised exchange loss of approximately RMB7.4 million was incurred as a result of the translation of Australian dollars and Hong Kong dollars into Renminbi.

## Distribution and selling expenses

Our distribution and selling expenses decreased by approximately 16.0% from approximately RMB2.5 million for the six months ended 30 June 2021 to approximately RMB2.1 million for the six months ended 30 June 2022. The decrease was mainly attributable to the decrease in the railway and transportation fees as result of the decreased sales volume of zinc in zinc concentrates and lead in lead concentrates.

## Administrative expenses

Our administrative expenses increased by approximately 52.2% from approximately RMB31.4 million for the six months ended 30 June 2021 to approximately RMB47.8 million for the six months ended 30 June 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 project on improvement of metal extraction and mining techniques.

## Finance costs

Our finance costs increased by approximately 19.0% from approximately RMB4.2 million for the six months ended 30 June 2021 to approximately RMB5.0 million for the six months ended 30 June 2022, primarily due to the increase in interest expenses derived from bank borrowings which were newly drawn down during the 6 months ended 30 June 2022.

## Income tax expense

Our income tax expense was approximately RMB18.4 million for the six months ended 30 June 2022, consisting of PRC corporate income tax payable of approximately RMB18.4 million, withholding tax payable of approximately RMB4.4 million and deferred tax credit of approximately RMB4.4 million. Our income tax expense was approximately RMB17.3 million for the six months ended 30 June 2021, which was entirely PRC corporate income tax payable.

The increase in our income tax expense for the six months ended 30 June 2022 was primarily due to the increase in the PRC corporate income tax expense as a result of the increase in operating profit.

## Profit for the period

As a result of the foregoing, our profit after taxation increased by approximately 0.1% or approximately RMB0.1 million, from approximately RMB86.6 million for the six months ended 30 June 2021 to approximately RMB86.7 million for the six months ended 30 June 2022. Our net profit margin increased from approximately 10.5% for the six months ended 30 June 2021 to approximately 26.2% for the six months ended 30 June 2022 which was mainly attributable to the gradual 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.

# Management Discussion and Analysis

## Profit attributable to owners of our Company

Profit attributable to owners of our Company increased by 7.3% or approximately RMB6.4 million, from approximately RMB88.2 million for the six months ended 30 June 2021 to approximately RMB94.6 million for the six months ended 30 June 2022.

## Liquidity and financial resources

During the six months ended 30 June 2022, the Group's net cash used in operating activities was approximately RMB2.4 million (net cash from operating activities for the six months ended 30 June 2021: RMB78.1 million) and the Group's bank balances and cash was approximately RMB125.2 million as at 30 June 2022 (as at 31 December 2021: RMB116.3 million). 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, and the fact that there was net proceeds raised from issue of shares for the six months ended 30 June 2021 while there was no such proceeds during the six months ended 30 June 2022. The decrease was partially offset by the increase in new bank borrowing raised and decrease in the purchase of property, plant and equipment.

Included in bank balances and cash, approximately RMB20.3 million (as at 31 December 2021: RMB1.9 million) were denominated in Hong Kong dollars, Australian dollars, Solomon Islands dollars and US dollars.

## Bank borrowings

As at 30 June 2022, the Group had secured bank borrowings of approximately RMB156.6 million and unsecured bank borrowings of approximately RMB39.8 million in aggregate with maturity from one year to six years and effective interest rate of approximately 5.20%.

## Gearing ratio

The Group had a gearing ratio of approximately 12.6% (representing total bank borrowings and payables to former non-controlling shareholder of a subsidiary divided by total assets) as at 30 June 2022. The gearing ratio was approximately 10.3% as at 31 December 2021. The increase in gearing ratio was mainly attributable to the increase in bank borrowings of approximately RMB68.4 million.

## Capital expenditure

Capital expenditure mainly included purchase of mining equipment, construction of mining structures at the Gold Ridge Mine as well as payment for exploration and evaluation assets. For the six months ended 30 June 2022, capital expenditure of approximately RMB51.6 million has been incurred (for the six months ended 30 June 2021: RMB141.8 million).

## Contractual obligations and capital commitment

As at 30 June 2022, the Group's capital commitment amounted to approximately RMB30.9 million, representing a decrease of approximately RMB20.2 million as compared to approximately RMB51.1 million as at 31 December 2021, which was primarily due to the completion of certain projects in the lead-zinc processing plant of Xinzhuang Mine.

## Contingent liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities or guarantees.

## Material acquisition and disposal of subsidiaries, associates and joint ventures

Save as disclosed in this interim report, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.



# Management Discussion and Analysis

## Significant investments and future plan for material investments or capital assets

Save as disclosed in this interim report, the Group had no significant investment nor were there any plan for material investments or additions of capital assets authorised by the board of Directors (the “Board”) as at the date of this interim report.

## Charge on group assets

As at 30 June 2022, the Group’s mining right, right-of-use assets and buildings with carrying value of approximately RMB72.5 million (as at 31 December 2021: RMB74.6 million of mining right, right-of-use assets and buildings) were pledged to secure the Group’s bank borrowings and facilities. Details have been set out in note 16 to the condensed consolidated financial statements.

## 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 certain Group’s 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 fluctuated against Hong Kong dollars and Australian dollars in a limited extent during the reporting period, the Group had no material adverse exposure to foreign exchange fluctuations during the six months ended 30 June 2022. We have not used any foreign currency hedge arrangement or other derivatives to hedge against exchange rates risk.

## 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.

## INTERIM DIVIDEND

The Board did not declare an interim dividend for both periods.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 12 June 2012.

During the six months ended 30 June 2022, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Share Option Scheme. The Share Option Scheme has expired on 10 July 2022.

## HUMAN RESOURCES

As at 30 June 2022, the Group employed approximately 737 employees. Remuneration is determined and reviewed based on fair principles with reference to market conditions and individual performances.

The Group also provides other benefits to its employees include social insurance together with housing provident funds for our PRC employees, contributions to statutory provident funds for our Hong Kong employees, superannuation for our Australia employees and national provident funds for our Solomon Islands employees.

# Management Discussion and Analysis

## EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

### Xinzhuang Mine

#### Mineral exploration

During the six months ended 30 June 2022, the exploration activities in the Xinzhuang Mine was within 4-29 exploration line. We have completed underground geological drilling of 12,123 m, with drill size of 60-108 mm for the six months ended 30 June 2022. For the six months ended 30 June 2022, we have also finished tunnel drilling of 468 m and completed adit mapping of 1,208 m. For the six months ended 30 June 2022, approximately RMB1.8 million was incurred for the mineral exploration.

#### Development

During the six months ended 30 June 2022, the Group incurred development expenditure of approximately RMB25.5 million.

Detailed breakdown of development expenditure is as follows:

	RMB' (million)
Leasehold lands	0.3
Mining structures	13.8
Machinery and electronic equipment for processing plants	11.4
	25.5

#### Mining activities

During the six months ended 30 June 2022, we processed a total of 495,602 tonnes of ore in the Xinzhuang Mine. The following table shows the volume of our concentrates products sold during the six months ended 30 June 2022.

Type of concentrates sold	Volume
Copper in copper concentrates	2,275 tonnes
Iron concentrates	48,615 tonnes
Zinc in zinc concentrates	1,765 tonnes
Sulfur concentrates	117,182 tonnes
Lead in lead concentrates	323 tonnes
Sulfur and iron concentrates	16,360 tonnes
Gold in copper concentrates	34 kg
Silver in copper concentrates	3,888 kg
Gold in zinc concentrates	12 kg
Silver in zinc concentrates	234 kg
Gold in lead concentrates	33 kg
Sliver in lead concentrates	1,375 kg
Copper in lead concentrates	69 kg

# Management Discussion and Analysis

During the six months ended 30 June 2022, the Group incurred expenditures for mining and processing activities of approximately RMB76.9 million (30 June 2021: approximately RMB62.8 million) and approximately RMB41.2 million (30 June 2021: approximately RMB44.3 million) respectively. The unit expenditures for mining and processing activities were approximately RMB151.9/t (30 June 2021: approximately RMB128.0/t) and approximately RMB83.0/t (30 June 2021: approximately RMB89.5/t) respectively. The increase in unit expenditure for mining activities was mainly attributable to increase in safety production fees such as monitoring explosives warehouse and pandemic prevention and control.

## **Walege Mine**

We own 51% attributable interest of Xizang Changdu which in turn owns the 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. The Group is in the progress of converting its exploration license to mining license.

### ***Mineral exploration***

No exploration was conducted during the six months ended 30 June 2022. During the six months ended 30 June 2022, the main activities were license maintenance as well as application or conversion of exploration license to mining license.

### ***Development***

During the six months ended 30 June 2022, Walege Mine incurred development expenditure of approximately RMB1.0 million mainly in respect of professional parties for the preparation 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 and exploration license maintenance related costs.

### ***Mining activities***

Since the Walege Mine is still in development stage, no mining activities has incurred for the six months ended 30 June 2022.

## **Gold Ridge Mine**

### ***Mineral exploration***

The drilling project within the Charivunga deposit continued to progress with an initial project of 11 designed diamond drill holes (“DDH”) and expanded to 31 drill holes after obtaining promising results from geological analysis and for the purpose of future mining design.

As of 30 June 2022, 13 DDHs were completed (including 9 holes drilled in the first half of 2022) with drilling hole diameter of 75.7mm-122.6mm, totaling 5,966 meters drilled. Final resource update model and reserve will be published once we complete the designed DDHs.

During the six months ended 30 June 2022, expenditure of mineral exploration was approximately RMB3.7 million.

### ***Development***

During the six months ended 30 June 2022, Gold Ridge Mine incurred mainly development expenditure of approximately RMB25.2 million.

# Management Discussion and Analysis

Detailed breakdown of development expenditure is as follows:

	RMB' (million)
Mining structures	24.4
Machinery and electronic equipment for processing plants	0.8
	25.2

## ***Mining activities***

Recommissioning activities progressed well and are near completion as COVID-19 related travel restrictions and shipping bottleneck started to ease globally in the first half of 2022. Trial production for flotation processing of sulphide ores of the Gold Ridge Mine is expected to commence in the second half of this year. Heap leach processing of oxide ores continued, with an approximately 4,932 ounces of gold recovered in the form of gold in carbon by 30 June 2022.

## **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. We are in the progress of upgrading the mining capacity to 900,000 tpa. To minimise costs, we will continue to outsource our underground mining works to third-party contractors.

### **Horizontal expansion through future acquisitions of new mines**

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

## **OUTLOOK**

The supply of copper gradually recovered with less increment, some of the refined copper enterprises have been shutdown for repair inspection, resulted in a small decline in production in PRC. In overseas, social unrest in Peru has affected copper production, of which accounted for approximately 10% of global raw copper production in 2021. Peruvian copper mainly exports to China. If Peruvian copper production decreases, it will inevitably affect China's refined copper production. Combined with the European energy crisis and the Russian-Ukrainian conflict have triggered the rise of commodity prices across the board, making refined copper prices easy to rise but difficult to fall.

The domestic epidemic is under control and the copper downstream consumer market is gradually picking up, with pessimism gradually receding. Downstream demand is expected to recover under the easing of the epidemic and favourable national policies, the demand for copper is expected to continuing increase in the areas of infrastructure, electricity and transportation.



# Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance and has complied with all material code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the six months ended 30 June 2022, except for the deviation from code provision C.2.1 of the CG Code in respect of segregation of the roles of chairman and chief executive officer as mentioned below.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Gao Mingqing, in addition to his duties as the chairman of the Company, 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 for overseeing the Group’s operations is 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.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the “**Code of Conduct**”) regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules. Having made specific enquiries with all Directors, all Directors have confirmed that they had complied with the Model Code and the required standard set out in the Code of Conduct during the six months ended 30 June 2022.

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 six months ended 30 June 2022.

## CHANGE IN DIRECTORS’ BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Each of Mr. Wong Chi Ming Ming and Tsang Wai Hung has been appointed as an independent non-executive Director on 2 June 2022. Their biographical details and information as disclosed pursuant to Rule 13.51(2) of the Listing Rules are set out in the announcement of the Company dated 25 March 2022.

Save as disclosed above, there is no other change in the Directors’ biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2021 annual report of the Company up to the date of this interim report.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022.

## REVIEW OF ACCOUNTS BY THE AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Tsang Wai Hung, 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, and risk management and internal control of the Group. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2022 and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof under the requirements of the Listing Rules.

## Other Information

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 12 June 2012, which shall be valid and effective for 10 years from the listing date of the Company i.e. 10 July 2012.

During the six months ended 30 June 2022, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme. The Share Option Scheme has expired on 10 July 2022 and no further share options can be granted under the Share Option Scheme.

### DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS IN SECURITIES

As at 30 June 2022, the interests or short positions of our Directors and chief executives in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded, pursuant to section 352 of the SFO, in the register referred to therein or which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

#### Long positions in Shares

Name of Directors	Capacity/nature of interest	Number of issued ordinary Shares held	Approximate percentage of shareholding in the Company
Mr. Gao Mingqing	Interest in controlled corporation	281,400,000 <sup>(1)</sup>	33.99%

Notes:

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

Save as disclosed above, as at 30 June 2022, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PARTIES' INTERESTS IN SECURITIES

As at 30 June 2022, the following persons, other than the Directors and chief executives of the Company, had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

#### Long positions in Shares

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

Notes:

- Victor Soar Investments Limited is wholly owned and controlled by Mr. Gao Mingqing.
- Ms. Lin Yinyin is the wife of Mr. Gao Mingqing and is deemed to be interested in the 281,400,000 Shares held by Victor Soar Investments Limited, a company controlled by Mr. Gao Mingqing.
- Achieve Ample Investments Limited is wholly owned and controlled by Ms. Gao Jinzhu.
- Mr. Wang Weimian is the husband of Ms. Gao Jinzhu and is deemed to be interested in the 138,600,000 Shares held by Achieve Ample Investments Limited, a company controlled by Ms. Gao Jinzhu.

## Other Information

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

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

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

Other than as disclosed above, as at 30 June 2022, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

By Order of the Board

**Wanguo International Mining Group Limited**

**Gao Mingqing**

*Chairman*

Hong Kong, 9 August 2022



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	330,490	822,813
Cost of sales		(171,037)	(674,624)
Gross profit		159,453	148,189
Other income		1,550	1,228
Other gains and losses		(917)	(7,391)
Distribution and selling expenses		(2,133)	(2,493)
Administrative expenses		(47,843)	(31,446)
Finance costs	4	(4,964)	(4,181)
Profit before tax		105,146	103,906
Income tax expense	5	(18,420)	(17,319)
Profit for the period	6	86,726	86,587
Other comprehensive income for the period which may be reclassified subsequently to profit or loss:			
– Exchange differences on translation from functional currency to presentation currency		(1,848)	(6,494)
Total comprehensive income for the period		84,878	80,093
Profit (loss) for the period attributable to:			
Owners of the company		94,551	88,152
Non-controlling interests		(7,825)	(1,565)
		86,726	86,587
Total comprehensive income (expense) for the period attributable to:			
Owners of the company		95,178	81,658
Non-controlling interests		(10,300)	(1,565)
		84,878	80,093
Earnings per share			
Basic (RMB cents)	7	11.4	11.1

# Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Notes	30.6.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	643,908	632,384
Right-of-use assets		55,644	56,164
Mining right		271,018	271,974
Exploration and evaluation assets	9	190,652	189,227
Other intangible asset		312,165	312,165
Intangible assets		3,829	3,935
Deposit for purchase of property, plant and equipment		31,569	31,638
Deferred tax assets		3,910	3,890
Restricted bank balances		2,672	2,670
		<b>1,515,367</b>	<b>1,504,047</b>
<b>CURRENT ASSETS</b>			
Inventories		78,091	18,649
Trade and other receivables	11	304,940	159,770
Bank balances and cash		125,154	116,294
		<b>508,185</b>	<b>294,713</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	89,070	119,564
Contract liabilities		121,125	25,572
Lease liabilities		308	278
Amounts due to related parties	13	3,782	5,861
Consideration payable to a former non-controlling shareholder of a subsidiary	14	57,936	57,936
Dividend payable		83,628	–
Tax payable		20,568	32,270
Bank borrowings	15	196,371	89,479
		<b>572,788</b>	<b>330,960</b>
<b>NET CURRENT LIABILITIES</b>		<b>(64,603)</b>	<b>(36,247)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,450,764</b>	<b>1,467,800</b>

# Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Notes	30.6.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings	15	–	38,500
Lease liabilities		47	196
Deferred income		6,911	7,492
Deferred tax liabilities		82,506	86,911
Provisions for restoration costs		7,718	7,290
		<b>97,182</b>	<b>140,389</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	10	67,881	67,881
Reserves		983,616	972,066
Equity attributable to owners of the Company		<b>1,051,497</b>	<b>1,039,947</b>
Non-controlling interests		<b>302,085</b>	<b>287,464</b>
<b>TOTAL EQUITY</b>		<b>1,353,582</b>	<b>1,327,411</b>
		<b>1,450,764</b>	<b>1,467,800</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company								Total
	Share capital	Share premium	Capital reserve	Statutory and surplus reserves	Translation reserve	Retained profits	Sub-total	Non-controlling interests	
	RMB'000	RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021 (audited)	58,882	193,956	71,005	152,844	6,901	229,001	712,589	286,795	999,384
Profit (loss) for the period	-	-	-	-	-	88,152	88,152	(1,565)	86,587
Other comprehensive expense for the period	-	-	-	-	(6,494)	-	(6,494)	-	(6,494)
Total comprehensive income (expense) for the period	-	-	-	-	(6,494)	88,152	81,658	(1,565)	80,093
Issuance of new shares (note 10)	8,999	187,086	-	-	-	-	196,085	-	196,085
Dividend recognised as distribution (note 8)	-	(24,700)	-	-	-	-	(24,700)	-	(24,700)
At 30 June 2021 (unaudited)	67,881	356,342	71,005	152,844	407	317,153	965,632	285,230	1,250,862
At 1 January 2022 (audited)	67,881	356,342	71,005	152,844	(30,558)	422,433	1,039,947	287,464	1,327,411
Profit (loss) for the period	-	-	-	-	-	94,551	94,551	(7,825)	86,726
Other comprehensive income (expense) for the period	-	-	-	-	627	-	627	(2,475)	(1,848)
Total comprehensive income (expense) for the period	-	-	-	-	627	94,551	95,178	(10,300)	84,878
Deemed contribution from a non-controlling shareholder	-	-	-	-	-	-	-	24,921	24,921
Dividend recognised as distribution (note 8)	-	(83,628)	-	-	-	-	(83,628)	-	(83,628)
At 30 June 2022 (unaudited)	67,881	272,714	71,005	152,844	(29,931)	516,984	1,051,497	302,085	1,353,582

## Notes:

- (a) The capital reserve represents contributions from an equity participant in 2011.
- (b) The statutory reserve represents the appropriation of 10% of profit after taxation determined based on the relevant accounting rules and regulations of the People's Republic of China (the "PRC") in accordance with the relevant PRC laws until the PRC statutory reserve reaches 50% of the registered capital of the relevant subsidiaries. The statutory reserve can be applied either to set off accumulated losses or to increase capital.

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



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(2,367)	78,138
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(50,499)	(108,786)
Increase in right-of-use assets	(296)	–
Payment for exploration and evaluation assets	(1,428)	(1,001)
Placement of restricted bank balances	(2)	(16,004)
Interest received	853	116
Proceeds from disposal of property, plant and equipment	773	–
Deposits paid for purchase of property, plant and equipment	–	(32,005)
NET CASH USED IN INVESTING ACTIVITIES	(50,599)	(157,680)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(40,231)	(56,221)
Interest paid	(4,946)	(4,174)
Repayment to related parties	(2,257)	(22,532)
Repayments of lease liabilities	(154)	(175)
Advance from related parties	–	11,440
New bank borrowing raised	108,500	56,000
Proceeds from issue of shares, net (note 10)	–	196,086
NET CASH FROM FINANCING ACTIVITIES	60,912	180,424
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,946	100,882
CASH AND CASH EQUIVALENTS AT 1 JANUARY	116,294	36,662
Effect of foreign exchange rate changes	914	(5,565)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	125,154	131,979

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on a going concern basis. As at 30 June 2022, the Group's current liabilities exceeded its current assets by approximately RMB64,603,000. In preparing the condensed consolidated financial statements, the directors of the Company have reviewed the Group's financial and liquidity position, and taken 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) Bank borrowings of approximately RMB196,371,000 will be due within one year or contain a repayment on demand clause and the directors are confident that the Group is able to extend approximately RMB69,800,000 of the bank borrowings in full upon their maturity, and the banks will not demand for early repayment with regard to approximately RMB2,571,000 of bank borrowing containing a repayment on demand clause, based on the past history of renewals and good relationship of the Group with the banks; and
- (iii) Amounts due to related parties of approximately RMB3,782,000 as at 30 June 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 believe that the Group will have sufficient working capital to satisfy its existing liabilities as and when they fall due and the Group's future expansion for foreseeable future and, accordingly, have prepared the condensed consolidated financial statements on a going concern basis.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's condensed 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 – Costs of Fulfilling a Contract
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and on the disclosures set out in these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 3. 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 Group operates in and all revenue is generated from the PRC. The Group’s principal non-current assets are also located in the PRC.

The Group determines that it has only one operating segment and revenue represents revenue arising on sales of processed concentrates of various metals. All of the revenue of the Group is recognised at a point in time. An analysis of the Group’s revenue from its major products for the reporting period is as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Sales of processed concentrates		
– Copper concentrates	130,596	96,756
– Iron concentrates	41,010	51,975
– Zinc concentrates	39,685	67,269
– Sulfur concentrates	43,152	15,326
– Gold in copper and zinc concentrates	12,107	10,967
– Gold in lead concentrates	11,127	16,330
– Silver in lead concentrates	5,080	9,195
– Silver in copper and zinc concentrates	12,221	7,036
– Lead concentrates	2,723	5,314
– Sulfur and iron concentrates	5,544	3,015
– Copper in lead concentrates	847	3,430
Sales of Electrolytic copper	26,398	534,223
Sales of Electrolytic lead	–	1,977
	<b>330,490</b>	<b>822,813</b>
By revenue source		
– Own mined products	293,967	267,183
– Sourced outside	36,523	555,630
	<b>330,490</b>	<b>822,813</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 4. FINANCE COSTS

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on bank borrowings	4,176	3,196
Interest on contract liabilities	770	–
Imputed interest expenses on lease liabilities	18	7
Interest on discounted bills financing	–	978
	<b>4,964</b>	<b>4,181</b>

## 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax charge:		
PRC Enterprise Income Tax (“EIT”)		
– Current period	18,440	17,336
Withholding tax	4,405	–
	<b>22,845</b>	<b>17,336</b>
Deferred tax credit		
– Current period	(4,425)	(17)
	<b>18,420</b>	<b>17,319</b>

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

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiary was 25% during both periods.

Jiangxi Province Yifeng Wanguo Mining Company Ltd (“Yifeng Wanguo”), a subsidiary of the Company, is approved as an enterprise that satisfied the conditions as high and new technology enterprises and obtained the Certificate of High and New Technology Enterprises enjoying the preferential enterprise income tax rate of 15% for a consecutive three calendar years from 2018 to 2020. In November 2021, the Certificate has been extended for further 3 years and Yifeng Wanguo is entitled to the preferential rate for 2021, 2022 and 2023.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 5. INCOME TAX EXPENSE (Continued)

The tax charge for the reporting period can be reconciled to the profit before tax per the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Profit before tax	105,146	103,906
Tax at the EIT rate of 25%	26,287	25,976
Tax effect of expenses not deductible for tax purpose	6,479	4,358
Income tax at concessionary rate	(13,094)	(12,156)
Tax effect of additional tax benefit on research and development expenses	(1,249)	(859)
Overprovision in respect of prior years	(3)	–
Tax charge for the period	18,420	17,319

## 6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging the following items:		
Directors' emoluments	2,252	2,005
Other staff costs	30,463	24,293
Retirement benefit scheme contributions, excluding those of directors	1,223	1,064
Total staff costs	33,938	27,362
Depreciation of property, plant and equipment	20,571	19,092
Depreciation of right-of-use assets	832	839
Amortisation of mining right	533	533
Amortisation of intangible assets	106	106
Total depreciation and amortisation	22,042	20,570
Research and development costs	11,099	7,703
Cost of inventories recognised as an expense	171,037	674,624

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Earnings figures are calculated as follows:</b>		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share (in RMB'000)	94,551	88,152
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	828,000	792,199

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

## 8. DIVIDENDS

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Final dividend for the year ended 31 December 2021: RMB10.10 cents per share (2021: RMB2.98 cents per share for the year ended 31 December 2020)	83,628	24,700

The board of directors of the Company does not recommend an interim dividend for both periods.

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/EXPLORATION AND EVALUATION ASSETS

During the current interim period, the Group acquired property, plant and equipment and incurred construction costs of RMB53,570,000 (six months ended 30 June 2021: RMB104,597,000).

During the current interim period, the Group incurred costs directly associated with the exploration and evaluation assets of RMB1,428,000 (six months ended 30 June 2021: RMB1,001,000).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 10. 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		
<b>Authorised:</b>		
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	1,000,000	100,000
<b>Issued:</b>		
At 1 January 2020, 30 June 2020 and 1 January 2021	720,000	72,000
Issuance of new shares upon allotment of new shares to a new subscriber (i)	108,000	10,800
At 30 June 2021 and 2022 (Unaudited)	828,000	82,800
	<b>30.6.2022</b>	31.12.2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	<b>(Audited)</b>
Shown in the consolidated statement of financial position	<b>67,881</b>	67,881

- (i) On 29 December 2020, the Company and an independent third party (the subscriber) entered into a subscription agreement under which the Company agreed to issue and allot and the subscriber agreed to subscribe for an aggregate of 108,000,000 subscription shares at the subscription price of HK\$2.18 per subscription share. During the 6 months ended 30 June 2021, the subscription for 108,000,000 shares in the Company, representing approximately 13.04% of the issued share capital of the Company as enlarged by the issue of the 108,000,000 subscription shares, have been completed and the said shares have been issued and allotted to the subscriber. The gross proceeds from the subscription of the 108,000,000 shares amounted to approximately HK\$235,440,000 (equivalent to approximately RMB196,086,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 11. TRADE AND OTHER RECEIVABLES

	Note	30.6.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)
Trade receivables from contracts with customers		9,985	2,057
Bills receivables		696	2,704
<b>Trade and bills receivables</b>	<b>(a)</b>	<b>10,681</b>	<b>4,761</b>
Amount due from a related company	(b)	3	3
Amount due from a non-controlling shareholder	(c)	23,073	–
Prepayments and other receivables			
– prepayments to major subcontractors	(d)	168,206	77,588
– prepayments to other suppliers	(e)	57,382	69,189
– Other receivables		45,595	8,229
		<b>294,259</b>	<b>155,009</b>
<b>Total trade and other receivables</b>		<b>304,940</b>	<b>159,770</b>

### (a) Trade and bills receivables

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

The ECL for trade receivables as at 30 June 2022 and 31 December 2021 have been assessed collectively based on the trade debtors' aging, grouped by debtor balances that are not yet past 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 30 June 2022 and 31 December 2021 is insignificant.

As at 30 June 2022 and 31 December 2021, the above bills received are held by the Group for future settlement of trade receivables. All bills received by the Group are 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 amount is non-trade in nature, unsecured, interest-free and repayable on demand.

### (d) Prepayments to major subcontractors

Included in the balance is prepayment of subcontracting fee to mining subcontractors by the subsidiaries Gold Ridge Mining Limited ("GRML") and Yifeng Wanguo for mining of ores, which amounted to approximately RMB29,547,000 (as at 31 December 2021: RMB30,294,000) and RMB138,659,000 (as at 31 December 2021: RMB47,294,000) respectively as at 30 June 2022.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 11. TRADE AND OTHER RECEIVABLES (Continued)

### (e) Prepayments to other suppliers

Included in the balance is prepayment to suppliers of metal concentrates for trading which amounted to approximately RMB31,415,000 (as at 31 December 2021: RMB43,504,000) and prepayment to suppliers of raw materials which amounted to approximately RMB17,729,000 (as at 31 December 2021: RMB15,093,000) as at 30 June 2022.

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 aging analysis of trade and bills receivables, presented based on the invoice dates.

	<b>30.6.2022</b>	31.12.2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Within 30 days	<b>10,163</b>	4,611
Over 90 days	<b>518</b>	150
	<b>10,681</b>	4,761

## 12. TRADE AND OTHER PAYABLES

	Note	<b>30.6.2022</b>	31.12.2021
		<b>RMB'000</b>	RMB'000
		<b>(Unaudited)</b>	(Audited)
Trade payables	(i)	<b>15,312</b>	13,975
Bills payables	(ii)	–	30,000
Trade and bills payables		<b>15,312</b>	43,975
Value-added tax, resource tax and other tax payables		<b>17,322</b>	36,126
Payables for construction in progress and property, plant and equipment		<b>16,947</b>	13,943
Accrued expenses and other payables			
– Accrued expenses		<b>3,134</b>	2,267
– Accrued staff cost		<b>6,150</b>	6,680
– Other payables		<b>30,205</b>	16,573
		<b>73,758</b>	75,589
Total trade and other payables		<b>89,070</b>	119,564

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 12. TRADE AND OTHER PAYABLES (Continued)

The following is analysis of trade payables by age, presented based on the delivery dates.

	30.6.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)
Within 30 days	8,843	9,906
31-60 days	2,453	1,939
61-90 days	2,161	693
91-180 days	519	665
Over 180 days	1,336	772
	15,312	13,975

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

	30.6.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)
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 have to be settled within one year from the date of issue.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 13. AMOUNTS DUE TO RELATED PARTIES

	Note	30.6.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)
Victor Soar Investments Limited (“Victor Soar”)	(a), (b)	3,531	3,621
Ms. Gao Jinzhu	(a), (c)	–	2,000
Achieve Ample Investments Limited (“Achieve Ample”)	(a), (c)	251	240
		<b>3,782</b>	<b>5,861</b>

Notes:

- (a) All of the amounts above are non-trade in nature, interest free, unsecured and repayable on demand, of which approximately RMB3,782,000 (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 30 June 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 30 June 2022 via Achieve Ample which is wholly owned and controlled by her.

## 14. CONSIDERATION PAYABLE TO A FORMER NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

At the end of the reporting period, the carrying amount of consideration payable is repayable as below:

	30.6.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)
Within one year	57,936	57,936
Less: Amount due within one year shown under current liabilities	(57,936)	(57,936)
Amount shown under non-current liabilities	–	–

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 15. BANK BORROWINGS

	30.6.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)
Unsecured bank borrowings at:		
– fixed rate	39,800	49,800
Secured bank borrowings at:		
– fixed rate	154,000	75,500
– floating rate	2,571	2,679
	<b>196,371</b>	127,979
The carrying amounts of the above borrowing are repayable:		
– within one year	193,800	86,800
– within a period of more than one year but not exceeding two years	–	38,500
	<b>193,800</b>	125,300
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities)	2,571	2,679
	<b>196,371</b>	127,979
Less: Amount due within one year shown under current liabilities	<b>(196,371)</b>	(89,479)
Amount shown under non-current liabilities	–	38,500

The interest rates of the Group's floating rate borrowings are based on Hong Kong Interbank Offered Rate and RMB Benchmark Loan Rates issued by the People's Bank of China. Interest is reset every year.

## 16. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to banks for loan facilities granted to the Group:

	30.6.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)
Property, plant and equipment	37,681	38,932
Right-of-use assets	23,765	24,088
Mining right	11,024	11,557
	<b>72,470</b>	74,577



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 17. CAPITAL COMMITMENTS

	30.6.2022 RMB'000 (Unaudited)	31.12.2021 RMB'000 (Audited)
Capital expenditure in respect of:		
– acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	30,866	51,146

## 18. RELATED PARTY DISCLOSURES

### (a) Related party transactions and balances

During the period, there was no material transaction occurred between the Group and any related party.

Details of the balances with a related party as at 30 June 2022 and 31 December 2021 are set out in the condensed consolidated statement of financial position and in note 13.

In addition, certain of the Group's bank borrowing as set out in note 15 as at 30 June 2022 and 31 December 2021 were personally guaranteed by Mr. Gao Mingqing and Ms. Gao Jinzhu.

### (b) Compensation of key management personnel

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Fees, salaries and other allowances	3,113	3,849
Retirement benefit scheme contributions	109	146
	3,222	3,995

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.