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 2023

FINANCIAL HIGHLIGHT:

	Year ended 31 December		
	2023	2022	
	RMB'000	*RMB'000*	**Increase**
Revenue	**1,315,217**	681,418	93.0%
Cost of sales	**(695,980)**	(365,734)	90.3%
Gross profit	**619,237**	315,684	96.1%
Gross profit margin	**47.1%**	46.3%	0.8p.pt
Profit before tax	**421,649**	209,222	101.5%
Profit attributable to owners of the Company	**335,387**	180,540	85.8%

- Revenue increased by 93.0% to approximately RMB1,315.2 million.
- Gross profit increased by 96.1% to approximately RMB619.2 million.
- Gross profit margin increased by 0.8 percentage points to 47.1%.
- Profit attributable to owners of the Company increased by 85.8% to approximately RMB335.4 million.
- Basic earnings per share was RMB40.5 cents (2022: RMB21.8 cents).
- The Board recommended the payment of a final dividend of RMB18.5 cents (equivalent to approximately HK$20.4 cents) per share (2022: RMB10.00 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 2023 together with comparative figures for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
Revenue	*4*	**1,315,217**	681,418
Cost of sales		**(695,980)**	(365,734)
Gross profit		**619,237**	315,684
Other income	*5*	**6,577**	3,254
Other gains and losses	*6*	**(9,885)**	(2,567)
Distribution and selling expenses		**(78,281)**	(6,019)
Administrative expenses		**(103,354)**	(86,641)
Finance costs	*7*	**(12,645)**	(14,489)
Profit before tax		**421,649**	209,222
Income tax expense	*8*	**(30,710)**	(39,504)
Profit for the year	*9*	**390,939**	169,718
Other comprehensive income for the year			
– Exchange differences arising on translation of foreign operations, which may be reclassified subsequently to profit or loss		**2,728**	11,177
Total comprehensive income for the year		**393,667**	180,895
Profit for the year attributable to:			
Owners of the Company		**335,387**	180,540
Non-controlling interests		**55,552**	(10,822)
		390,939	169,718
Total comprehensive income attributable to:			
Owners of the Company		**339,950**	192,146
Non-controlling interests		**53,717**	(11,251)
		393,667	180,895
Earnings per share			
Basic *(RMB cents)*	*10*	**40.5**	21.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**810,637**	727,004
Right-of-use assets		**56,195**	54,817
Mining rights	*12*	**251,338**	274,278
Exploration and evaluation assets	*13*	**224,748**	201,471
Other intangible asset	*14*	**312,165**	312,165
Intangible assets		**3,510**	3,723
Deposit for purchase of property, plant and equipment		**7,123**	34,872
Deferred tax assets		**3,984**	3,930
Restricted bank balances		**8,344**	3,227
		1,678,044	1,615,487
CURRENT ASSETS			
Inventories		**200,042**	157,821
Trade and other receivables	*15*	**311,656**	196,460
Bank balances and cash			
– cash and cash equivalents		**171,612**	67,941
– restricted bank balances		**249**	254
		683,559	422,476
CURRENT LIABILITIES			
Trade and other payables	*16*	**159,592**	138,475
Contract liabilities		**40,232**	67,651
Lease liabilities		**808**	215
Amounts due to related parties	*17*	**5,304**	3,894
Consideration payable to a former non-controlling shareholder of a subsidiary		**57,936**	57,936
Tax payable		**28,289**	29,407
Bank borrowings	*18*	**201,937**	189,444
		494,098	487,022
NET CURRENT ASSETS/(LIABILITIES)		**189,461**	(64,546)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,867,505**	1,550,941

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**2,303**	–
Deferred income		**5,170**	6,331
Deferred tax liabilities		**90,506**	86,866
Provisions for restoration costs		**9,060**	8,145
		107,039	101,342
CAPITAL AND RESERVES			
Share capital	*19*	**67,881**	67,881
Reserves		**1,337,734**	1,080,584
Equity attributable to owners of the Company		**1,405,615**	1,148,465
Non-controlling interests		**354,851**	301,134
TOTAL EQUITY		**1,760,466**	1,449,599
		1,867,505	1,550,941

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, mining and processing of mineral resources, and sales of processed gold concentrates and gold doré in the Solomon Islands.

As at 31 December 2023, Victor Soar Investments Limited, a company incorporated in the British Virgin Islands, wholly owned and controlled by Mr. Gao Mingqing who is the chairman and executive director of the Company, held approximately 33.99% of the issued shares of the Company, being the single largest shareholder and controlling shareholder of the Company.

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.

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

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

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

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

Impacts on application of HKFRS 17 (including the October 2020 and February 2022 Amendments) Insurance Contracts

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

HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 *Insurance Contracts*.

HKFRS 17 defines an insurance contract as a contract under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

In October 2020, the HKICPA issued Amendments to HKFRS 17 to address concerns and implementation challenges that were identified after HKFRS 17 was published. The amendments defer the date of initial application of HKFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the HKICPA issued Amendments to HKFRS 4 Extension of the Temporary Exemption from HKFRS 9 that extends the fixed expiry date of the temporary exemption from applying HKFRS 9 in HKFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In February 2022, the HKICPA issued Amendment to HKFRS 17 *Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information* to address implementation challenges that were identified after HKFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

The application of the new standard and the relevant amendments have no material impact on the consolidated financial statements.

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

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

Amendments to HKAS 8 – Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. 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. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

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

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

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

Amendments to HKAS 12 – International Tax Reform – Pillar Two Model Rules

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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

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

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

Amendments to HKFRSs in issue but not yet effective

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

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

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

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

3 Effective for annual periods beginning on or after 1 January 2025.

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

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 HKFRS 16 *Lease Liability in a Sale and Leaseback*

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

As part of the amendments, Illustrative Example 25 accompanying HKFRS 16 *Leases* is added to illustrate the application of the requirements in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. 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

The 2020 Amendments and the 2022 Amendments

The 2020 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:

- 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*.

- 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 the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023 and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements*

The amendments add a disclosure objective to HKAS 7 *Cash flow statements* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements;

- The carrying amount and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements, and the non-cash changes in the carrying amounts of these financial liabilities;

- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;

- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement; and liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

The application of the amendments is not expected to have impact on the financial position or performance of the Group but may affect the disclosures of liabilities, cash flows and the Group's exposure to liquidity risk related to the supplier finance arrangements entered into by the Group. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 21 *Lack of Exchangeability*

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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

(a) Basis of preparation of consolidated financial statements

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

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

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

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

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

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.

(b) Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. 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 Group's operating and reportable segments currently are: (i) processing and sale of metal concentrates in Yifeng Wanguo ("**Yifeng Project**") and (ii) processing and sale of processed gold concentrates and gold doré in the Solomon Islands ("**Solomon Project**"). The CODM considers the Group has two operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised. No operating segments have been aggregated in arriving at the reportable segments of the Group.

In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments, such that an additional segment is added. Prior year segment disclosures have been represented to conform with the current year's presentation.

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

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

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

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

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

Performance obligations for contracts with customers and revenue recognition policies

Revenue from sales of processed concentrates of various metals sourced internally

The Group's sales of concentrates of various metals and gold doré sourced from the Group's own mines and sold to mineral trading enterprises after processing by the Group is recognised when control of the goods has been transferred, being when the goods have been shipped to the customers' specific locations (delivery) or when they are collected by customers at the Group's ore processing plant at their choices. The payment terms and credit terms (if any) are set out in note 15. 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 content and 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.

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

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

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

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

Information about major customers

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

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

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

(a) Segment revenue and results

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

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

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

(b) Segment assets and liabilities

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

Segment assets

	2023	2022
	RMB'000	*RMB'000*
Yifeng Project	**724,000**	683,582
Solomon Project	**916,495**	748,487
Total segment assets	**1,640,495**	1,432,069
Property, plant and equipment	**6,221**	6,508
Right of use assets	**2,962**	200
Other intangible assets	**312,165**	312,165
Exploration and evaluation assets	**194,308**	191,145
Other receivables, deposit and prepayments	**25,247**	24,454
Restricted bank balance	**8,593**	3,481
Bank balances and cash	**171,612**	67,941
Consolidated total assets	**2,361,603**	2,037,963

Segment liabilities

	2023	2022
	RMB'000	*RMB'000*
Yifeng Project	**392,441**	342,286
Solomon Project	**99,308**	144,900
Total segment liabilities	**491,749**	487,186
Accrued expenses and other payables	**8,480**	7,759
Amount due to related parties	**5,304**	3,894
Lease liabilities	**3,111**	215
Bank borrowings	**1,987**	2,444
Deferred tax liabilities	**90,506**	86,866
Consolidated total liabilities	**601,137**	588,364

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

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

(c) Other segment information

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

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

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

All the segment revenue reported above is from external customers.

(d) Geographical information

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

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

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

5. OTHER INCOME

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

Notes:

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

(ii) During the year ended 31 December 2023, the government grants mainly included approximately RMB260,000 (2022: RMBNil) incentives received from a local governmental authority by Yifeng Wanguo as immediate financial support for industrial development, approximately RMB543,000 (2022: RMBNil) financial incentive from local chamber of commerce, and also included approximately RMBNil (2022: RMB368,000) and RMBNil (2022: RMB250,000) financial incentives received by Yifeng Wanguo for foreign investment and recruitment of high talents, respectively. No future related cost is expected to be incurred nor related to any assets for the above government grants.

6. OTHER GAINS AND LOSSES

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

7. FINANCE COSTS

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

8. INCOME TAX EXPENSE

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

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

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

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

In addition, pursuant to the relevant rules and regulations, certain qualified research and development costs incurred by the Group during the year and endorsed by a local tax authority in the PRC were eligible for further deduction for PRC EIT up to 100% of the relevant costs incurred.

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

The applicable tax rate for the Group's subsidiary operating in Australia is 25% during the years ended 31 December 2023 and 2022. No provision for Australian profit tax has been made has no assessable profit subject to Australian profit tax has been generated during the years ended 31 December 2023 and 2022.

9. PROFIT FOR THE YEAR

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

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

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

(iii) Amortisation of mining rights 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:

	2023	2022
Earnings figures are calculated as follows:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share (in RMB'000)	**335,387**	180,540
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	**828,000**	828,000

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

11. DIVIDEND

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

	2023	2022
	RMB'000	*RMB'000*
Final dividend for the year ended 31 December 2022 of RMB10.00 cents (2022: Final dividend for the year ended 31 December 2021 of MB10.10 cents) per share	**82,800**	83,628

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of RMB18.5 cents (2022: RMB10.00 cents) per ordinary share, in an aggregate amount of approximately RMB153,180,000 (2022: RMB82,800,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

Final dividend for the year ended 31 December 2022 was paid on 29 August 2023 (2022: Final dividend for the year ended 31 December 2021 was paid on 31 August 2022).

12. MINING RIGHTS

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

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

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

As at 31 December 2022, the mining right in the Xinzhuang Mine with carrying amount of approximately RMB10,491,000 was pledged to a bank to secure loan facilities granted to the Group. As at 31 December 2023, the pledge has been released.

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

As at 31 December 2023, the directors of the Company considered that there is no impairment indicator on the property, plant and equipment, right-of-use assets, mining right and intangible assets belonging to Yifeng Wanguo ("**Yifeng Projects**") and therefore no impairment assessment has been performed to calculate the recoverable amount of the Yifeng Projects.

As at 31 December 2022, in view of the impact of COVID-19 pandemic in the economic environment in which the Group operates, the directors of the Company performed impairment assessment on the property, plant and equipment with carrying amount of approximately RMB450,010,000, mining right with carrying amount of approximately RMB10,491,000, right-of-use assets with carrying amount of approximately RMB54,618,000 and intangible assets with carrying amount of approximately RMB3,723,000 with aggregate carrying amount of approximately RMB518,842,000, which belong to the Yifeng Projects being carried out in the Xinzhuang Mine, and were principally engaged in mining and processing of ores and sales of processed concentrates in the PRC. Management's assessment of the recoverable amount of these assets was performed on the Yifeng Projects as a single CGU. The Group's own mined metallic concentrates were produced by the Yifeng Projects. The recoverable amount of this CGU had been determined by the directors of the Company based on value-in-use calculations. The pre-tax discount rate in measuring the amount of value in use was 20% per annum in relation to this CGU. The discounted cash flow analysis used cash flow projections with a growth rate of 2% per annum being applied for estimated selling prices, unit direct costs and expenses over a period of 10 years, being the useful life of the mining licence. The growth rate reflected the long-term growth rate for the country in which the entity of the CGU operated. The key assumptions also included budgeted sales volume and budgeted gross margins based on past performance and management expectations of market development, and taking into account the estimated mineral resources reserves of the Xinzhuang Mine based on a technical report. There has been no change from the valuation technique used in prior year. As a result of the impairment assessment, no impairment loss had been recognised in respect of the property, plant and equipment, mining right, right-of-use assets and intangible assets in relation to the Yifeng Projects during the year ended 31 December 2022. Management believed that any reasonably possible change in any of above assumptions would not cause the carrying amount of this CGU to exceed the recoverable amount of this CGU.

Impairment test on assets belonging to Gold Ridge Mining Limited

As at 31 December 2023, the directors of the Company considered that there is no impairment indicator on the mining right, property, plant and equipment and evaluation and exploration assets belonging to Gold Ridge Mining Limited ("**Gold Ridge Project**") and therefore no impairment test has been performed.

As at 31 December 2022, the directors of the Company performed impairment assessment on the mining right with carrying amount of approximately RMB263,787,000, evaluation and exploration assets with carrying amount of approximately RMB10,325,000 and property, plant and equipment with carrying amount of approximately RMB266,474,000 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 had been determined by an independent professional valuer, Vision Appraisal and Consulting Ltd, based on value in use calculations which was determined by discounted cash flow approach. The pre-tax discount rate in measuring the amount of value in use was 31% per annum in relation to this CGU. As a result of the impairment assessment, no impairment loss had been recognised in respect of the mining right, evaluation and exploration assets and property, plant and equipment of the Gold Ridge Project during the year ended 31 December 2022.

The key assumptions for the value in use calculation were those regarding the pre-tax discount rate of 31%, zero growth rate being applied for estimated selling prices, direct costs and expenses, and budgeted production plan of 14 years from 2023 to 2036, which was according to the legal life of the mining right estimated by the directors of the Company. The discount rate had been determined based on the market comparables. The growth rate reflected the long-term growth rate for the country in which the entity of the CGU operated. The budgeted production plan had been determined based on the management's expectation for the market development, technical report, feasibility study of the above mine and the expected production capacity of the relevant cash generating unit.

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

13. EXPLORATION AND EVALUATION ASSETS

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

The exploration and evaluation assets represent all costs directly associated with exploration and evaluation and are initially capitalised. As at 31 December 2023 and 2022, the exploration and evaluation assets are related to costs of the activities which occur in the area of Changdu, Tibet Autonomous Region, the PRC, which is the principal place of business of Xizang Changdu and Solomon Islands, which is the principal place of business of the Gold Ridge Project.

During the current year, the Group incurred costs directly associated with the exploration and evaluation assets of approximately RMB23,338,000 (2022: RMB12,127,000).

Please refer to Notes 12 and 14 for impairment assessment.

14. OTHER INTANGIBLE ASSET

	RMB'000
COST	
At 1 January 2022, 31 December 2022 and 2023	319,288
ACCUMULATED IMPAIRMENT LOSS	
At 1 January 2022, 31 December 2022 and 2023	(7,123)
CARRYING VALUES	
At 31 December 2023	312,165
At 31 December 2022	312,165

In addition to the exploration and evaluation assets as set out in note 13 above, the Group has recognised other intangible asset pursuant to the acquisition of Xizang Changdu in the year ended 31 December 2018 which represents, in the opinion of the directors, premium paid for the mining right license to be obtained by Xizang Changdu to conduct mining activities in the lead mine in Walege of the Changdu County, Tibet Autonomous Region, the PRC, owned by Xizang Changdu. The Group is in the process of applying the mining permit for the above mine with the relevant regulatory authorities and the directors of the Company expect the mining permit will be granted to the Group without significant cost in the foreseeable future. The relevant mining permit, when granted to the Group, will allow the Group to mine up to a predetermined level of ore every year from the date of grant through the expiry of the mining license.

Impairment test on Xizang Changdu

The directors of the Company have performed impairment assessment on the exploration and evaluation assets and other intangible asset of Xizang Changdu. Management's assessment of the recoverable amount of these assets was performed on Xizang Changdu as a single CGU. The recoverable amounts of this CGU has been determined by an independent professional valuer, Win Bailey Valuation and Advisory Limited (2022: Vision Appraisal and Consulting Limited), based on fair value less cost of disposals calculations which is determined by discounted cash flow approach. As a result of the impairment assessment, no impairment loss in respect of exploration and evaluation assets and no impairment loss in respect of other intangible asset has been recognised in profit or loss during the year ended 31 December 2023 and 2022.

15. TRADE AND OTHER RECEIVABLES

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

(a) Trade receivables

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

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

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

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

The Group's trade receivables that are denominated in currencies other than the functional currencies of the respective group entities are set out below:

	2023	2022
	RMB'000	*RMB'000*
United States Dollars ("**USD**")	**57,176**	3,304

The ECL for trade receivables as at 31 December 2023 and 2022 have been assessed collectively based on the trade debtors' aging, grouped by debtor balances that are not yet due and different aging brackets of numbers of days past due (if any). Based on the assessment of the management of the Group, allowance for credit losses from the trade receivables as at 31 December 2023 and 2022 is insignificant.

(b) Amount due from a related company

The balance is due from a company wholly owned and controlled by Mr. Gao Mingqing, the Chief Executive of the Company. The balance is interest free, unsecured and repayable on demand.

(c) Amount due from a non-controlling shareholder

The balance represents the amount receivable from the non-controlling shareholder of a subsidiary in respect of its deemed contribution to the subsidiary. The balance is interest free, unsecured and no fixed term of repayment.

(d) Prepayments to major subcontractors

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

(e) Prepayments to other suppliers

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

(f) Other receivables

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

16. TRADE AND OTHER PAYABLES

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

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

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

Notes:

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

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

17. AMOUNTS DUE TO/(FROM) RELATED PARTIES

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

Notes:

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

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

(c) Ms. Gao Jinzhu, former executive director of the Company has an interest in 16.74% (2022: 16.74%) of the issued share capital of the Company as at 31 December 2023 via Achieve Ample which is wholly owned and controlled by her.

18. BANK BORROWINGS

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

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

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

Notes:

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

20. EVENT AFTER THE REPORTING PERIOD

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

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

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

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

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

MARKET REVIEW

Copper

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

Iron

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

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

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

Zinc

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

Lead

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

Gold and Silver

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

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

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

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

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

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

BUSINESS REVIEW

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

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

In addition, the Group has on 30 April 2020, completed acquisition of 77.78% interest of AXF Gold Ridge Pty Limited, which owns 90% interest of a gold ridge mine located in the Solomon Islands ("**Gold Ridge Mine**") in which we may further exploit for open-pit and underground mining. The Group has commenced the trial production since November 2022. Products of Gold Ridge Mine include gold doré and gold concentrates.

EXPANSION IN EXISTING MINES

Xinzhuang Mine

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

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

Walege Mine

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

Gold Ridge Mine

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

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

EXPANSION IN SURROUNDING AREAS

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

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

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

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

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

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

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

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

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

MINERAL RESOURCES AND RESERVES

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

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

Notes:

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

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

(3) There were no material changes in these estimates during the period from 31 December 2011 to 31 December 2023.

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

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

Notes:

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

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

(3) There were no material changes in these estimates during the period from 31 December 2011 to 31 December 2023.

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

JORC Mineral Resource Category	Tonnes	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 2023.

Gold Ridge Mine Resources Summary – as at 31 December 2023 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	21.2	1.33	904	210	82	1.51
Indicated	19.7	1.35	854	113	87	1.43
Inferred	31.1	1.55	1,551	78	91	1.47
Total**	**72.0**	**1.43**	**3,309**	**126**	**87**	**1.47**

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

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

Notes:

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

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

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

4) There were no material changes in these estimates during the period from 31 December 2021 to 31 December 2023.

Gold Ridge Mine Ore Reserves Summary as at 31 December 2023

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

Notes:

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

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

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

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

5) Apparent differences may occur due to rounding.

6) There were no material changes in these estimates during the period from 31 December 2021 to 31 December 2023.

FINANCIAL REVIEW

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

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

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

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

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

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

Xinzhuang Mine – concentrates products

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

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

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

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

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

Gold Ridge Mine – gold doré and gold concentrates

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

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

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

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

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

Other income

Our other income mainly comprised bank interest income of approximately RMB3.8 million, incentives received from governmental authorities of approximately RMB1.4 million and government grant and subsidy to Yifeng Wanguo in relation to the mining technology improvement of approximately RMB1.2 million for the year ended 31 December 2023. Other income increased by approximately RMB3.3 million as compared with 2022, which was mainly attributable to the increase in bank interest income from fixed deposits.

Other gains and losses

Our other gains and losses increased by approximately RMB7.3 million from losses of approximately RMB2.6 million to losses of approximately RMB9.9 million, which comprised mainly loss on disposal of property, plant and equipment of approximately RMB0.8 million and unrealised exchange loss of approximately RMB8.9 million as a result of the translation of Australian dollars, Hong Kong dollars, Solomon Islands dollars and US dollars into Renminbi as at 31 December 2023, whereas for the year ended 31 December 2022, there were unrealised exchange loss of approximately RMB2.3 million as a result of the translation of Australian dollars and Hong Kong dollars into Renminbi.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately 12 times from approximately RMB6.0 million for the year ended 31 December 2022 to approximately RMB78.3 million for the year ended 31 December 2023. The increase was mainly attributable to the increase in the railway and transportation fees, treatment and refinery charges, export duty and royalties as result of the increase in the sales volume of gold concentrates and gold doré in our Gold Ridge Mine.

Administrative expenses

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

Finance costs

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

Income tax expense

Our income tax expense was approximately RMB30.7 million in 2023, consisting of PRC corporate income tax payable of approximately RMB22.8 million and withholding tax payable of approximately RMB7.9 million. Our income tax expense was approximately RMB39.5 million in 2022, consisting of PRC corporate income tax payable of approximately RMB35.2 million, withholding tax payable of approximately RMB4.4 million and deferred tax credit of approximately RMB0.1 million.

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

Profit for the year

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

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

Profit attributable to owners of our Company

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

Analysis of property, plant and equipment and construction in progress

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

Analysis of inventories

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

Analysis of trade receivables

Trade receivables represent receivables from the sale of processed concentrates and gold doré. Our Group generally requests our concentrates customers in PRC to make a certain amount of down payment prior to delivery. For trade customers, our Group grants a credit period up to 60 days. Our trade receivables were approximately RMB69.4 million as at 31 December 2023, compared to approximately RMB13.2 million as at 31 December 2022. The increase in trade receivables as at 31 December 2023 was mainly due to sales of gold doré and gold concentrates in Solomons Islands to customers with longer credit period.

Analysis of trade payables

Trade payables mainly consist of payables in respect of (i) the purchase of forged steel grinding balls, cement and diesel oil and (ii) construction fee payable to our contractors. As at 31 December 2023 and 2022, our trade payables were approximately RMB102.8 million and approximately RMB83.1 million respectively. The increase in trade payables as at 31 December 2023 was mainly due to the increase in payable for the purchase of diesel oil of approximately RMB12.4 million, subcontracting fee payable to our contractors of approximately RMB39.2 million and drilling expenses of approximately RMB14.7 million in our Gold Ridge Mine.

Liquidity and capital resources

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

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

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

Borrowings

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

Gearing Ratio

The Group's gearing ratio (representing total bank borrowings and payables to former non-controlling shareholder of a subsidiary divided by total assets) amounted to approximately 11.0% (2022: approximately 12.1%). The decrease in gearing ratio was mainly attributable to the increase in bank balances and cash and inventories of approximately RMB145.9 million.

Capital Expenditure

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

Contractual Obligations and Capital Commitment

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

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

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

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

Contingent Liabilities

As at 31 December 2023, the Group did not have any material contingent liabilities or guarantees.

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

Save as disclosed in this announcement, the Group had no significant investments, or material acquisition and disposal of subsidiaries, associated and joint ventures during the year ended 31 December 2023.

Future Plan for Material Investments and Capital Assets

Save as disclosed in this 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 2023, the Group's mining right, right-of-use-assets and buildings with carrying value of approximately RMB60.2 million (31 December 2022: approximately RMB74.7 million) were pledged to secure the Group's bank borrowings.

Exposure to Fluctuations in Exchange Rates

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

As Renminbi fluctuates against Hong Kong dollars and Australian dollars in a limited extent during the year 2023, the Group had no material adverse exposure to foreign exchange fluctuations during the year 2023.

Interest Rate Risk

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

Financial Instruments

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

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB18.5 cents (equivalent to approximately HK$20.4 cents) per Share for the year ended 31 December 2023 (2022: RMB10.00 cents), representing approximately 45.7% of the profit and total comprehensive income attributable to owners of the Company, payable to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on Friday, 21 June 2024. Based on the number of issued Shares as at the date of this announcement, this represents a total distribution of approximately RMB153.2 million. Subject to the approval of the payment of the final dividend by the Shareholders at the annual general meeting to be held on Friday, 7 June 2024, it is expected that the proposed final dividend will be paid on or before Friday, 30 August 2024.

ANNUAL GENERAL MEETING

The 2024 annual general meeting (the "**AGM**") of the Company will be held on Friday, 7 June 2024. A notice convening the AGM will be published and despatched to the Shareholders in accordance with the requirements of the articles of association of the Company (the "**Articles**") and the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange in due course.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 3 June 2024.

The final dividend is payable to the Shareholders whose names appear on the register of members of the Company at close of business on Friday, 21 June 2024. For determination of entitlement to the final dividend, the register of members of the Company will be closed from Wednesday, 19 June 2024 to Friday, 21 June 2024, both days inclusive. In order to qualify for the proposed final dividend, all share certificates with the properly completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 18 June 2024.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Xinzhuang Mine

Mineral exploration

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

Development

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

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

Mining activities

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

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

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

Walege Mine

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

Mineral exploration

No mineral exploration was conducted in 2023. During 2023, the main activities were the license maintenance as well as various activities in connection of conversion of exploration license to mining license.

Development

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

Mining activities

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

Gold Ridge Mine

Mineral exploration

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

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

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

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

Development

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

Detailed breakdown of development expenditure is as follows:

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

Mining activities

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

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

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

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

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

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

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

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

PROSPECT

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

Growing production at our mine and outsourcing our mining works

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

Horizontal expansion through future acquisitions of new mines

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

OUTLOOK

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

In addition, as a company listed on the Main Board of the Stock Exchange, the Company is subject to, among others, the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**"). To the best knowledge of the Directors, the Company has complied with the relevant laws and regulations during the year ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to protect the interests of the Shareholders. The Company's corporate governance practices are based on principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 (formerly Appendix 14) to the Listing Rules. Throughout 2023, the Company had complied with all applicable code provisions of the CG Code, except for the deviation from code provisions C.2.1 and C.2.7 as described 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 C3 (formerly Appendix 10) to the Listing Rules (the "**Model Code**"). Having made specific enquiries with all Directors, the Company confirmed that all Directors have complied with the Model Code and the required standards of dealings as set out in the code of conduct for the year ended 31 December 2023 and up to the date of this 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 2023.

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

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 2023 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.

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 2023 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 2023 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, 18 March 2024

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.