

CHINA GOLD INTERNATIONAL RESOURCES  
CORP. LTD.

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(incorporated in British Columbia, Canada with  
limited liability)

Condensed Consolidated Financial Statements  
For the three and nine months ended September 30, 2023

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 (unaudited)

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 (unaudited)**

	NOTES	Three months ended September 30,		Nine months ended September 30,	
		2023 US\$'000 (unaudited)	2022 US\$'000 (unaudited)	2023 US\$'000 (unaudited)	2022 US\$'000 (unaudited)
Revenue	3	62,325	255,030	388,119	851,045
Cost of sales		<u>(76,616)</u>	<u>(179,322)</u>	<u>(305,850)</u>	<u>(552,119)</u>
Mine operating (loss) earnings		<u>(14,291)</u>	<u>75,708</u>	<u>82,269</u>	<u>298,926</u>
Expenses					
General and administrative expenses	4	(11,399)	(16,215)	(28,879)	(34,459)
Exploration and evaluation expenditure		(271)	(81)	(351)	(377)
Research and development expenses		<u>(1,756)</u>	<u>(7,357)</u>	<u>(7,840)</u>	<u>(18,712)</u>
		<u>(13,426)</u>	<u>(23,653)</u>	<u>(37,070)</u>	<u>(53,548)</u>
(Loss) income from operations		<u>(27,717)</u>	<u>52,055</u>	<u>45,199</u>	<u>245,378</u>
Other income (expenses)					
Foreign exchange gain (loss), net		1,092	(16,085)	(7,276)	(25,954)
Interest and other income		1	2,141	5,899	8,873
Other expenses	17	(79)	-	(22,693)	-
Finance costs	5	<u>(5,737)</u>	<u>(7,504)</u>	<u>(19,323)</u>	<u>(23,635)</u>
		<u>(4,723)</u>	<u>(21,448)</u>	<u>(43,393)</u>	<u>(40,716)</u>
(Loss) profit before income tax		(32,440)	30,607	1,806	204,662
Income tax credit (expenses)	6	<u>1,662</u>	<u>(7,251)</u>	<u>(7,263)</u>	<u>(27,780)</u>
(Loss) profit for the period		<u>(30,778)</u>	<u>23,356</u>	<u>(5,457)</u>	<u>176,882</u>
Other comprehensive income (expenses) for the period					
<i>Item that will not be reclassified   to profit or loss:</i>					
Fair value gain (loss) on investment in an equity security		12,001	(5,581)	8,801	(1,080)
<i>Item that may be reclassified   subsequently to profit or loss:</i>					
Exchange difference arising on translation		<u>5,144</u>	<u>(40,234)</u>	<u>(23,702)</u>	<u>(84,079)</u>
		<u>17,145</u>	<u>(45,815)</u>	<u>(14,901)</u>	<u>(85,159)</u>
Total comprehensive (expenses) income for the period		<u>(13,633)</u>	<u>(22,459)</u>	<u>(20,358)</u>	<u>91,723</u>
Profit (loss) for the period attributable to					
Non-controlling interests		900	200	2,137	1,304
Owners of the Company		<u>(31,678)</u>	<u>23,156</u>	<u>(7,594)</u>	<u>175,578</u>
		<u>(30,778)</u>	<u>23,356</u>	<u>(5,457)</u>	<u>176,882</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	Three months ended		Nine months ended	
		September 30,		September 30,	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		US\$'000	US\$'000	US\$'000	US\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total comprehensive income (expenses)					
for the period attributable to					
Non-controlling interests		906	208	2,146	1,319
Owners of the Company		<u>(14,539)</u>	<u>(22,667)</u>	<u>(22,504)</u>	<u>90,404</u>
		<u>(13,633)</u>	<u>(22,459)</u>	<u>(20,358)</u>	<u>91,723</u>
(Loss) earnings per share - Basic (US cents)	8	<u>(7.99)</u>	<u>5.84</u>	<u>(1.92)</u>	<u>44.29</u>
Weighted average number of common					
shares - Basic	8	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT SEPTEMBER 30, 2023 (unaudited)

	<u>NOTES</u>	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
<b>Current assets</b>			
Cash and cash equivalents		99,826	428,453
Restricted bank balance		66,778	1,572
Trade and other receivables	9	17,236	8,718
Tax recoverable		2,089	-
Prepaid expenses and deposits		1,222	810
Inventories	10	304,322	293,089
		<u>491,473</u>	<u>732,642</u>
<b>Non-current assets</b>			
Prepaid expenses and deposits		1,078	735
Right-of-use assets	11	40,692	42,487
Equity instruments at fair value through other comprehensive income	16	46,124	37,348
Property, plant and equipment	11	1,468,454	1,579,245
Mining rights	11	772,373	784,470
Other non-current assets	17	17,445	17,984
		<u>2,346,166</u>	<u>2,462,269</u>
<b>Total assets</b>		<u><u>2,837,639</u></u>	<u><u>3,194,911</u></u>
<b>Current liabilities</b>			
Accounts and other payables and accrued expenses	12	170,675	218,058
Contract liabilities		615	6,255
Borrowings	13	132,623	399,567
Lease liabilities		525	516
Tax liabilities		4,989	14,239
		<u>309,427</u>	<u>638,635</u>
<b>Net current assets</b>		<u>182,046</u>	<u>94,007</u>
<b>Total assets less current liabilities</b>		<u>2,528,212</u>	<u>2,556,276</u>
<b>Non-current liabilities</b>			
Borrowings	13	592,100	433,501
Lease liabilities		1,422	1,501
Deferred tax liabilities		105,844	125,373
Deferred income		-	186
Environmental rehabilitation		93,556	92,285
		<u>792,922</u>	<u>652,846</u>
<b>Total liabilities</b>		<u>1,102,349</u>	<u>1,291,481</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
<b>Owners' equity</b>			
Share capital	14	1,229,061	1,229,061
Reserves		66,006	83,692
Retained profits		419,735	571,226
		<u>1,714,802</u>	<u>1,883,979</u>
Non-controlling interests		20,488	19,451
		<u>1,735,290</u>	<u>1,903,430</u>
<b>Total owners' equity</b>		<u>1,735,290</u>	<u>1,903,430</u>
<b>Total liabilities and owners' equity</b>		<u>2,837,639</u>	<u>3,194,911</u>

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The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on November 14, 2023 and are signed on its behalf by:

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Junhu Tong  
Director

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Yingbin Ian He  
Director

**CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 (unaudited)**

	Number of common shares	Attributable to owners of the Company						Subtotal US\$'000	Non- controlling interests US\$'000	Total owners' equity US\$'000
		Share capital US\$'000	Equity reserve US\$'000	Investment revaluation reserve US\$'000	Exchange reserve US\$'000	Statutory reserve US\$'000	Retained profits US\$'000			
At January 1, 2022	396,413,753	1,229,061	11,179	8,031	16,943	68,538	482,170	1,815,922	17,470	1,833,392
Profit for the period	-	-	-	-	-	-	175,578	175,578	1,304	176,882
Fair value loss on investment in an equity security	-	-	-	(1,080)	-	-	-	(1,080)	-	(1,080)
Exchange difference arising on translation	-	-	-	-	(84,094)	-	-	(84,094)	15	(84,079)
Total comprehensive (expenses) income for the period	-	-	-	(1,080)	(84,094)	-	175,578	90,404	1,319	91,723
Transfer to statutory reserve - safety production fund	-	-	-	-	-	662	(662)	-	-	-
Dividends distribution (Note 7)	-	-	-	-	-	-	(99,103)	(99,103)	-	(99,103)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(440)	(440)
At September 30, 2022 (unaudited)	396,413,753	1,229,061	11,179	6,951	(67,151)	69,200	557,983	1,807,223	18,349	1,825,572
At January 1, 2023	396,413,753	1,229,061	11,179	16,499	(47,108)	103,122	571,226	1,883,979	19,451	1,903,430
(Loss) profit for the period	-	-	-	-	-	-	(7,594)	(7,594)	2,137	(5,457)
Fair value gain on investment in an equity security	-	-	-	8,801	-	-	-	8,801	-	8,801
Exchange difference arising on translation	-	-	-	-	(23,711)	-	-	(23,711)	9	(23,702)
Total comprehensive income (expenses) for the period	-	-	-	8,801	(23,711)	-	(7,594)	(22,504)	2,146	(20,358)
Release from statutory reserve - safety production fund	-	-	-	-	-	(2,776)	2,776	-	-	-
Dividends distribution (Note 7)	-	-	-	-	-	-	(146,673)	(146,673)	-	(146,673)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(1,109)	(1,109)
At September 30, 2023 (unaudited)	396,413,753	1,229,061	11,179	25,300	(70,819)	100,346	419,735	1,714,802	20,488	1,735,290

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 (unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Net cash (used in) from operating activities</b>	<u>(31,671)</u>	<u>89,836</u>	<u>22,504</u>	<u>358,220</u>
<b>Investing activities</b>				
Interest income received	834	1,186	4,116	3,433
Payment for acquisition of property, plant and equipment	(8,566)	(10,049)	(38,617)	(23,586)
Dividends received from equity investment at fair value through other comprehensive income	1,992	2,695	1,992	2,695
Payment for acquisition of right-of-use assets	(823)	-	(823)	(21,573)
Payment for acquisition of a mining right	(1,321)	(1,864)	(1,321)	(1,864)
Placement of restricted bank deposits	(1,996)	(1,185)	(68,349)	(3,282)
Release of restricted bank deposits	-	1,122	1,580	7,425
<b>Net cash used in investing activities</b>	<u>(9,880)</u>	<u>(8,095)</u>	<u>(101,422)</u>	<u>(36,752)</u>
<b>Financing activities</b>				
Repayment of borrowings	(871)	-	(367,690)	(25,603)
Proceeds from borrowings	-	-	279,891	-
Dividends paid to a non-controlling shareholder	-	-	(1,109)	(440)
Dividends paid to shareholders	-	-	(146,655)	(99,091)
Payment for lease	(29)	(29)	(87)	(89)
<b>Net cash used in financing activities</b>	<u>(900)</u>	<u>(29)</u>	<u>(235,650)</u>	<u>(125,223)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(42,451)</u>	<u>81,712</u>	<u>(314,568)</u>	<u>196,245</u>
Cash and cash equivalents, beginning of period	139,450	317,919	428,453	208,128
Effect of foreign exchange rate changes on cash and cash equivalents	<u>2,827</u>	<u>157</u>	<u>(14,059)</u>	<u>(4,585)</u>
<b>Cash and cash equivalents, end of period</b>	<u>99,826</u>	<u>399,788</u>	<u>99,826</u>	<u>399,788</u>
<b>Cash and cash equivalents are comprised of</b>				
<b>Cash and bank deposits</b>	<u>99,826</u>	<u>399,788</u>	<u>99,826</u>	<u>399,788</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 (unaudited)

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1. GENERAL AND BASIS OF PREPARATION AND SIGNIFICANT EVENT DURING THE CURRENT PERIOD

1.1 *Basis of preparation*

China Gold International Resources Corp. Ltd., (the "Company") is a publicly listed company incorporated in British Columbia, Canada on May 31, 2000 with limited liability under the legislation of the Province of British Columbia and its shares are listed on the Toronto Stock Exchange and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company together with its subsidiaries (collectively referred to as the "Group") is principally engaged in the acquisition, exploration, development and mining of mineral resources in the People's Republic of China (the "PRC"). The Group considers that China National Gold Group Co., Ltd. ("CNG"), a state owned company registered in Beijing, the PRC which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, is able to exercise significant influence over the Company.

The head office principal address and registered and records office of the Company are located at Suite 660, One Bentall Centre, 505 Burrard Street, Vancouver, British Columbia, Canada, V7X 1M4.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange as well as International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board, which should read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

The condensed consolidated financial statements are presented in United States Dollars ("US\$"), which is the functional currency of the Company.

1.2 *Significant event during the current period*

Suspension of Jiama Copper-Gold Polymetallic Mine ("Jiama Mine") and renewal of mining permit

On March 27, 2023, a tailings overflow occurred due to minor tailing dam damages from the Guolanggou tailings pond at the Group's Jiama Mine (the "Overflow"). In response to the Overflow, the Group quickly contained and repaired the breach to ensure no damage to the environment or neighboring communities. Subsequent to the Overflow, Jiama Mine has suspended its operations and the Group takes the opportunity to conduct a comprehensive safety assessment of and repair work on its tailings dam with the assistance and supervision of government safety authorities.

## CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

### 1. GENERAL AND BASIS OF PREPARATION AND SIGNIFICANT EVENT DURING THE CURRENT PERIOD - continued

#### 1.2 *Significant event during the current period* - continued

##### Suspension of Jiama Copper-Gold Polymetallic Mine ("Jiama Mine") and renewal of mining permit - continued

The Group has completed the repair and reinforcement construction and works, conducted the safety assessment of the entire tailings pond and submitted an assessment report to the Lhasa Municipal Emergency Management Bureau (the "LMEMB") in September 2023. The Group has also prepared several plans for the resumption of production, including using the tailings as underground mine backfilling and discharging the tailings into the tailings pond in line with the original design production capacity. Up to the date these condensed consolidated financial statements are authorised for issue, these plans have been submitted to the LMEMB and are under its review for compliance with relevant standards before approval and implementation. The resumption of production of the Jiama Mine is subject to the government regulators' decision on when to grant permission to resume production based on the assessment report and the plans. The Group does not have an exact timeline for the re-start of production.

In addition, as the mining permit held by Jiama Mine has expired in October 2023 and considering the uncertainty on the resumption of production of the Jiama Mine, the Group applied to the Department of Natural Resources of Tibet Autonomous Region for the renewal of mining permit in September 2023. The Group expects that it will be able to renew the mining permit with the relevant government authority, notwithstanding that final approval is still pending up to the date these condensed consolidated financial statements are authorised for issue.

##### Litigation and contingency

During the nine months ended September 30, 2023, as described in Note 17 to the condensed consolidated financial statements, the Group was involved in several lawsuits and disputes with third parties related to a construction contract dispute and breach of contract which are incidental to its normal course of business. As at September 30, 2023, US\$22 million were recognised as "accounts and other payables and accrued expenses" as set out in Note 12 in relation to the construction contract dispute, which the court has ruled that the Group has joint obligation for the construction costs. In addition, the Group is currently involved in pending legal proceedings of US\$67 million in relation to the breach of contract with no provision being recognised in the condensed consolidated financial statements because there is no reasonable ground to support the arguments of the plaintiff. Details of litigations are set out in Note 17.

##### Going concern assessment

The Group recorded a net loss of US\$31 million and US\$5 million, net operating cash outflows of US\$32 million and net operating cash inflows of US\$23 million for the three and nine months ended September 30, 2023, respectively. As at September 30, 2023, the Group's current assets exceeded current liabilities by approximately US\$182 million. The aforementioned suspension of Jiama Mine's operation in response to the Overflow has negative impacts on the financial performance and operating cash flows of the Group. The Jiama Mine result is also affected by the litigations as detailed in Note 17.

1. GENERAL AND BASIS OF PREPARATION AND SIGNIFICANT EVENT DURING THE CURRENT PERIOD - continued

1.2 *Significant event during the current period* - continued

Going concern assessment - continued

Taking into account the Group's cash flow projection with impact of Jima Mine's suspension, the expected resumption of operations and effects of litigations as detailed in Note 17, the Group's ability to obtain new financing, its future capital expenditure and the renewal of mining right of Jima Mine, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least next twelve months from the end of the reporting period and accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended September 30, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

In the current interim period, the Group has applied the following new and amendments to International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

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

The Group will apply Amendments to IFRS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies* which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statements for the year ending 31 December 2023.

3. REVENUE AND SEGMENT INFORMATION

**Revenue**

**(i) Disaggregation of revenue from contracts with customers**

The following is an analysis of the Group's revenue from its major products and services:

	Three months ended September 30,		Nine months ended September 30,	
	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)
<u>At a point in time</u>				
Gold doré bars	65,004	61,040	202,753	202,943
Copper	-	148,279	134,403	486,063
Other by-products	(2,679)	45,711	50,963	162,039
Total revenue	<u>62,325</u>	<u>255,030</u>	<u>388,119</u>	<u>851,045</u>

**(ii) Performance obligations for contracts with customers**

The Group sells gold doré bars, copper and other by-products directly to customers.

Revenue is recognised at a point in time when control of the gold doré bars, copper and other by-products is passed to customers, i.e. when the products are delivered and titles have passed to customers. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

**Segment information**

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker ("CODM") to allocate resources to the segments and to assess their performance.

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the executive directors of the Company. The CODM has identified two operating and reportable segments as follows:

- (i) The mine-produced gold segment - the production of gold doré bars through the Group's integrated processes, i.e., mining, metallurgical processing, production and selling of gold doré bars to external clients.
- (ii) The mine-produced copper concentrate segment - the production of copper concentrate including other by-products through the Group's integrated processes, i.e., mining, metallurgical processing, production and selling copper concentrate including other by-products to external clients.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

3. REVENUE AND SEGMENT INFORMATION - continued

**Segment information** - continued

Information regarding the above segments is reported below:

(a) Segment revenue and results

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

For the nine months ended September 30, 2023

	Mine - produced gold US\$'000 (unaudited)	Mine - produced copper concentrate US\$'000 (unaudited)	Segment total US\$'000 (unaudited)	Unallocated US\$'000 (unaudited)	Consolidated US\$'000 (unaudited)
Revenue - external and segment revenue	202,753	185,366	388,119	-	388,119
Cost of sales	(143,130)	(162,720)	(305,850)	-	(305,850)
Mining operating earnings	<u>59,623</u>	<u>22,646</u>	<u>82,269</u>	-	<u>82,269</u>
Income (loss) from operations	59,272	(10,995)	48,277	(3,078)	45,199
Foreign exchange loss, net	(279)	(3,977)	(4,256)	(3,020)	(7,276)
Interest and other income	1,157	2,358	3,515	2,384	5,899
Other expenses	-	(22,693)	(22,693)	-	(22,693)
Finance costs	<u>(653)</u>	<u>(12,285)</u>	<u>(12,938)</u>	<u>(6,385)</u>	<u>(19,323)</u>
Profit (loss) before income tax	<u>59,497</u>	<u>(47,592)</u>	<u>11,905</u>	<u>(10,099)</u>	<u>1,806</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

3. REVENUE AND SEGMENT INFORMATION - continued

**Segment information** - continued

(a) Segment revenue and results - continued

For the nine months ended September 30, 2022

	Mine - produced gold US\$'000 (unaudited)	Mine - produced copper concentrate US\$'000 (unaudited)	Segment total US\$'000 (unaudited)	Unallocated US\$'000 (unaudited)	Consolidated US\$'000 (unaudited)
Revenue - external and segment revenue	202,943	648,102	851,045	-	851,045
Cost of sales	<u>(162,483)</u>	<u>(389,636)</u>	<u>(552,119)</u>	<u>-</u>	<u>(552,119)</u>
Mining operating earnings	<u>40,460</u>	<u>258,466</u>	<u>298,926</u>	<u>-</u>	<u>298,926</u>
Income (loss) from operations	40,084	208,261	248,345	(2,967)	245,378
Foreign exchange (loss) gain, net	(8,661)	(21,076)	(29,737)	3,783	(25,954)
Interest and other income	1,129	5,015	6,144	2,729	8,873
Finance costs	<u>(1,295)</u>	<u>(15,024)</u>	<u>(16,319)</u>	<u>(7,316)</u>	<u>(23,635)</u>
Profit (loss) before income tax	<u>31,257</u>	<u>177,176</u>	<u>208,433</u>	<u>(3,771)</u>	<u>204,662</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit (loss) before income tax, without allocation of certain general and administrative expenses, foreign exchange (loss) gain, interest and other income and finance costs, attributable to the respective segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There are no inter-segment sales for the nine months ended September 30, 2023 and 2022.

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3. REVENUE AND SEGMENT INFORMATION - continued

**Segment information** - continued

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment representing assets/liabilities directly attributable to respective segment:

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
<b>As of September 30, 2023</b> (unaudited)					
Total assets	552,373	2,226,799	2,779,172	58,467	2,837,639
Total liabilities	45,843	975,435	1,021,278	81,071	1,102,349
<b>As of December 31, 2022</b> (audited)					
Total assets	649,547	2,498,742	3,148,289	46,622	3,194,911
Total liabilities	66,669	924,126	990,795	300,686	1,291,481

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain of cash and cash equivalents, other receivables, prepaid expenses and deposits, right-of-use assets, property, plant and equipments and equity instruments at fair value through other comprehensive income; and
- all liabilities are allocated to operating segments other than other payables and accrued expenses, lease liabilities, deferred income and certain borrowings.

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Administration and office	1,067	1,879	3,548	4,921
Depreciation of property, plant and equipment	1,844	2,711	5,658	5,941
Depreciation of right-of-use assets	25	26	75	79
Professional fees	1,423	676	2,264	2,041
Salaries and benefits	2,882	3,125	9,785	9,024
Others	4,158	7,798	7,549	12,453
Total general and administrative expenses	11,399	16,215	28,879	34,459

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5. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)
Interests on borrowings	4,841	6,183	16,521	19,514
Interests on lease liabilities	23	30	70	93
Accretion on environmental rehabilitation	931	1,312	2,850	4,085
	<u>5,795</u>	<u>7,525</u>	<u>19,441</u>	<u>23,692</u>
Less: Amounts capitalised to property, plant and equipment	<u>(58)</u>	<u>(21)</u>	<u>(118)</u>	<u>(57)</u>
Total finance costs	<u><u>5,737</u></u>	<u><u>7,504</u></u>	<u><u>19,323</u></u>	<u><u>23,635</u></u>

6. INCOME TAX (CREDIT) EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)
Current tax:				
PRC Enterprise Income Tax	114	4,489	8,640	22,791
PRC withholding income tax on profit earned from PRC subsidiaries	-	-	19,733	10,939
Underprovision (Overprovision) of PRC Enterprise Income Tax in prior year	-	15	(1,581)	(108)
	<u>114</u>	<u>4,504</u>	<u>26,792</u>	<u>33,622</u>
Deferred tax:				
PRC Enterprise Income Tax	(1,776)	2,747	(2,170)	4,576
PRC withholding income tax on profit earned from PRC subsidiaries	-	-	(17,359)	(10,418)
	<u>(1,776)</u>	<u>2,747</u>	<u>(19,529)</u>	<u>(5,842)</u>
Total income tax (credit) expenses	<u><u>(1,662)</u></u>	<u><u>7,251</u></u>	<u><u>7,263</u></u>	<u><u>27,780</u></u>

7. DIVIDEND

During the nine months ended September 30, 2023, a dividend in respect of the year ended December 31, 2022 of US\$0.37 (for the nine months ended September 30, 2022: US\$0.25) per share amounting to US\$146,673,000 (for the nine months ended September 30, 2022: US\$99,103,000) was declared and paid to the shareholders of the Company.

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8. (LOSS) EARNINGS PER SHARE

(Loss) profit used in determining (loss) earnings per share are presented below:

	Three months ended September 30,		Nine months ended September 30,	
	<u>2023</u> (unaudited)	<u>2022</u> (unaudited)	<u>2023</u> (unaudited)	<u>2022</u> (unaudited)
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share (US\$'000)	<u>(31,678)</u>	<u>23,156</u>	<u>(7,594)</u>	<u>175,578</u>
Weighted average number of common shares, basic	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>
Basic (loss) earnings per share (US cents)	<u>(7.99)</u>	<u>5.84</u>	<u>(1.92)</u>	<u>44.29</u>

The Group has no outstanding potential dilutive instruments issued as at September 30, 2023 and 2022 and during the three and nine months ended September 30, 2023 and 2022. Therefore, no diluted (loss) earnings per share is presented.

9. TRADE AND OTHER RECEIVABLES

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Trade receivables	2,666	1,112
Less: Allowance for credit loss	<u>(103)</u>	<u>(106)</u>
	2,563	1,006
Amounts due from related companies (Note 15(a)) <sup>(1)</sup>	905	965
Other receivables <sup>(2)</sup>	<u>13,768</u>	<u>6,747</u>
Total trade and other receivables	<u>17,236</u>	<u>8,718</u>

(1) The amounts are unsecured, interest free and repayable on demand.

(2) Included in the balance as at September 30, 2023 are US\$7,582,000 value-added tax recoverable (December 31, 2022: nil) and tax and other surcharges of US\$3,179,000 (December 31, 2022: US\$4,911,000) to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. ("Zhongxinfang"). Details of impairment assessment of the receivable amount from Zhongxinfang are set out in Note 17.

The Group allows an average credit period of 30 days and 180 days to its trade customers.

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9. TRADE AND OTHER RECEIVABLES - continued

Below is an aged analysis of trade receivables (net of allowance for credit losses) presented based on invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period:

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Less than 30 days	64	24
31 to 90 days	93	347
91 to 180 days	918	595
Over 180 days	1,488	40
	<u>2,563</u>	<u>1,006</u>

10. INVENTORIES

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Gold in process	226,768	221,807
Gold doré bars	22,633	22,110
Consumables	16,829	17,409
Copper concentrates	10,985	5,613
Spare parts	27,107	26,150
Total inventories	<u>304,322</u>	<u>293,089</u>

Cost of inventory sold totalling US\$77 million and US\$306 million for the three and nine months ended September 30, 2023 respectively (three and nine months ended September 30, 2022: US\$179 million and US\$552 million, respectively) was recognised in cost of sales.

11. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS / RIGHT-OF-USE ASSETS

During the nine months ended September 30, 2023, the Group incurred approximately US\$19.5 million on construction in progress (for the nine months ended September 30, 2022: approximately US\$2.7 million) and approximately US\$1.4 million on mineral assets (for the nine months ended September 30, 2022: approximately US\$21.0 million).

Depreciation of property, plant and equipment was US\$21.8 million and US\$96.9 million for the three and nine months ended September 30, 2023, respectively (for the three and nine months ended September 30, 2022: US\$41.4 million and US\$130.7 million, respectively). The depreciation amount was partly recognised in cost of sales, general and administrative expenses, research and development expenses and partly capitalised in inventory.

No addition of mining rights was incurred during the nine months ended September 30, 2023 and 2022. Meanwhile, as the mining permit held by Jiama Mine would expire in October 2023 and considering the uncertainty on the resumption of production of the Jiama Mine, the Group had applied to the Department of Natural Resources of Tibet Autonomous Region for [the renewal of mining permit in September 2023. The Group expects that it will be able to renew the mining rights with the relevant government authority, which final approval is still pending up to the date these condensed consolidated financial statements are authorised for issue]. Amortisation of mining rights was US\$0.1 million and US\$10.4 million for the three and nine months ended September 30, 2023, respectively (for the three and nine months ended September 30, 2022: US\$10.3 million and US\$31.4 million, respectively). The amortisation amounts were recognised in cost of sales.

During the nine months ended September 30, 2023, the Group leased two pieces of cultivated land from herdsmen and paid the related farmland usage tax, which the Group has recognised right-of-use assets of US\$1.8 million (nine months ended September 30, 2022: nil) and environmental rehabilitation of US\$0.9 million (nine months ended September 30, 2022: nil).

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12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Accounts payable	15,455	38,808
Bills payable	7,422	31,523
Construction cost payables	106,110	118,123
Mining cost accrual	3,619	1,512
Payroll and benefit payables	428	324
Other accruals	2,275	1,323
Other tax payable	1,956	15,329
Payable for litigation compensation (Note 17)	22,172	-
Other payables	7,711	6,268
Payable for acquisition of a mining right	3,527	4,848
Total accounts and other payables and accrued expenses	<u>170,675</u>	<u>218,058</u>

The following is an aging analysis of the accounts payable presented based on invoice date at the end of the reporting period:

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Less than 30 days	3,013	18,452
31 to 90 days	1,839	7,520
91 to 180 days	2,442	2,864
Over 180 days	8,161	9,972
Total accounts payable	<u>15,455</u>	<u>38,808</u>

The credit period for bills payable is 180 days from the issue date.

The following is an aging analysis of bills payable, presented based on bills issue date at the end of the reporting period:

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Less than 30 days	111	7,604
31 to 60 days	-	2,050
61 to 90 days	-	5,599
91 to 180 days	7,311	16,270
Total bills payable	<u>7,422</u>	<u>31,523</u>

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13. BORROWINGS

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Bank loans	669,011	533,722
Loans payable to a CNG's subsidiary (Note 15(a))	55,712	
Bonds	-	299,346
	<u>724,723</u>	<u>833,068</u>

The borrowings are repayable as follows:

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Carrying amount repayable within one year	132,623	399,567
Carrying amount repayable within one to two years	61,840	57,433
Carrying amount repayable within two to five years	390,401	201,017
Carrying amount repayable over five years	139,859	175,051
	<u>724,723</u>	<u>833,068</u>
Less: Amounts due within one year (shown under current liabilities)	(132,623)	(399,567)
Amounts shown under non-current liabilities	<u>592,100</u>	<u>433,501</u>
Analysed as:		
Secured	328,075	352,570
Unsecured	396,648	480,498
	<u>724,723</u>	<u>833,068</u>

The carrying values of the pledged assets to secure borrowings by the Group are as follows:

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Mining rights	<u>769,799</u>	<u>780,978</u>

Borrowings carry interest at effective interest rates ranging from 1.05% to 6.36% (December 31, 2022: 1.05% to 3.80%) per annum.

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14. SHARE CAPITAL

Common shares

- (i) Authorised - Unlimited common shares without par value
- (ii) Issued and outstanding

	<u>Number of shares</u>	<u>Amount US\$'000</u>
Issued and fully paid: At January 1, 2022 (audited), December 31, 2022 (audited) and September 30, 2023 (unaudited)	<u>396,413,753</u>	<u>1,229,061</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. CNG, a state owned company registered in Beijing, PRC, which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, is able to exercise significant influence over the Company.

The management believes that information relating to related party transactions have been adequately disclosed in accordance with the requirements of IAS 24 "*Related party disclosures*".

In addition to the related party transactions and balances shown elsewhere in these condensed consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties for the three and nine months ended September 30, 2023 and 2022.

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15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

Name and relationship with related parties during the period/year is as follows:

CNG owned the following percentages of outstanding common shares of the Company:

	September 30, <u>2023</u> % (unaudited)	December 31, <u>2022</u> % (audited)
CNG	<u>40.01</u>	<u>40.01</u>

(a) Transactions/balances with CNG and its subsidiaries

The Group had the following transactions with CNG and CNG's subsidiaries:

	Three months ended September 30,		Nine months ended September 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)
Gold doré bars sales by the Group	<u>65,004</u>	<u>61,040</u>	<u>202,753</u>	<u>202,943</u>
Copper and other by-products sales by the Group	<u>-</u>	<u>189,723</u>	<u>169,454</u>	<u>621,607</u>
Provision of transportation services by the Group	<u>49</u>	<u>210</u>	<u>805</u>	<u>925</u>
Construction, stripping and mining services provided to the Group	<u>14,931</u>	<u>716</u>	<u>43,987</u>	<u>4,570</u>
Accrued property management fee	<u>114</u>	<u>-</u>	<u>347</u>	<u>-</u>
Commitment fee	<u>166</u>	<u>173</u>	<u>496</u>	<u>565</u>
Interest income	<u>721</u>	<u>1,006</u>	<u>3,595</u>	<u>3,105</u>
Interest expenses on borrowings	<u>297</u>	<u>-</u>	<u>399</u>	<u>-</u>
Interest expenses on lease liabilities	<u>20</u>	<u>26</u>	<u>62</u>	<u>81</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

(a) Transactions/balances with CNG and its subsidiaries - continued

The Group has the following significant balances with CNG and its subsidiaries at the end of each reporting period:

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
<u>Assets</u>		
Amounts due from related companies	905	965
Cash and cash equivalents held by a CNG subsidiary	78,813	385,143
Restricted bank balance held in a CNG's subsidiary (Note 17)	66,778	-
Total amounts due from CNG and its subsidiaries	<u>146,496</u>	<u>386,108</u>

Other than the cash and cash equivalents and restricted bank balance held in a CNG's subsidiary, the remaining amounts due from CNG and its subsidiaries as at September 30, 2023 and December 31, 2022, which are included in trade and other receivables are non-interest bearing, unsecured and recoverable on demand.

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
<u>Liabilities</u>		
Construction costs payable to CNG's subsidiaries	6,805	198
Trade payable to CNG's subsidiaries	3,565	3,168
Amount due to CNG	1,175	727
Contract liabilities with CNG's subsidiaries	-	6,172
Loans payable to a CNG's subsidiary	55,712	-
Lease liabilities to a CNG's subsidiary	1,776	1,769
Total amounts due to CNG and its subsidiaries	<u>69,033</u>	<u>12,034</u>

As at September 30, 2023, the loans payable to a CNG's subsidiary, which are included in borrowings, carry fixed interest rates at 2.05% per annum and are unsecured and repayable in three years and classified as non-current. With the exception of loans payable to a CNG's subsidiary and lease liabilities to a CNG's subsidiary, the amounts due to CNG and its subsidiaries which are included in other payables and construction costs payable, are non-interest bearing, unsecured and have no fixed terms of repayments.

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

(b) Compensation of key management personnel

The Group has the following compensation to key management personnel during the period:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries and other benefits	86	99	271	241
Post-employment benefits	4	-	15	6
	<u>90</u>	<u>99</u>	<u>286</u>	<u>247</u>

16. FINANCIAL INSTRUMENTS

As at September 30, 2023 and December 31, 2022, the Group's investments in equity securities include equity securities listed on the Stock Exchange and unlisted companies incorporated in the PRC.

Investment in equity securities listed on the Stock Exchange of US\$45,310,000 (December 31, 2022: US\$36,509,000) is measured based on the unadjusted quoted price available on the Stock Exchange (Level 1 fair value measurement). The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals registered in Hong Kong, PRC.

In addition, equity investments in two unlisted companies incorporated in the PRC of US\$814,000 (December 31, 2022: US\$839,000) are measured at fair value based on Level 3 inputs.

The Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

17. CONTINGENCIES

(i) **Litigation with Huaxin and Zhongxinfang**

During the year ended December 31, 2020, there was a construction contract dispute between independent third parties including the constructor, Huaxin Construction Group Co., Ltd. (formerly named as "Nantong Huaxin Construction Group Co., Ltd.") ("Huaxin"), Zhongxinfang, and the Group's subsidiary, Tibet Huatailong Mining Development Co. Ltd. ("Huatailong"). The land use right of a composite project under the construction contract was transferred from Huatailong to Zhongxinfang in 2019 pursuant to the cooperation agreement (the "Cooperation Agreement") whereby the Group agreed to transfer the land use right for the development and Zhongxinfang agreed to compensate the Group by transferring a block of the buildings and twenty car parks (the "New Premises") to the Group within two years from the date of the Cooperation Agreement (the "Land Exchange").

(a) *Litigations with Huaxin and Zhongxinfang for the construction costs*

During the year ended December 31, 2020, Huaxin proceeded a lawsuit against the parties to the construction contract, Zhongxinfang and Huatailong, for the recovery of the construction costs of RMB149 million (equivalent to US\$21,319,000) and applied for pre-litigation preservation of assets from Huatailong. The Intermediate People's Court of Lhasa City, Tibet ("Tibet Intermediate Court"), adjudicated that the bank deposit of RMB140 million (equivalent to US\$19,775,000) of Huatailong to be frozen for one year from April 10, 2020 (the "First Adjudication"). Based on the adjudication of Tibet Intermediate Court after the First Adjudication on December 1, 2020 and related notice of execution effective from December 3, 2020, the related frozen bank deposit of US\$19,775,000 of Huatailong was released.

Based on the first instance adjudication dated July 23, 2020 (the "First Instance Adjudication"), the litigation ruling adjudicated that Zhongxinfang and Huatailong shall have the joint obligation for the construction costs of RMB140 million (equivalent to US\$20,070,000) to Huaxin. Pursuant to the Cooperation Agreement, Huatailong is not responsible for the construction and the related construction works and costs are the sole responsibilities of Zhongxinfang. Huatailong proceeded an appeal against the First Instance Adjudication on August 17, 2020. Subsequently, it was confirmed that Huatailong has no obligation for the aforesaid construction costs as the High People's Court of Lhasa City, Tibet ("Tibet High Court") entered the final instance adjudication dated November 20, 2020 (the "2020 Final Instance Adjudication") and rescinded the First Instance Adjudication.

During the year ended December 31, 2022, Huaxin filed a petition with the Supreme People's Court of the PRC for a retrial and request re-adjudicating 2020 Final Instance Adjudication, the Supreme People's Court of the PRC has formed a collegial panel pursuant to law to review this case and ordered Tibet High Court to retry the case. Pursuant to retrial, Tibet High Court entered the final instance adjudication dated June 5, 2023 (the "June 2023 Huaxin Final Instance Adjudication") and affirmed the First Instance Adjudication that Zhongxinfang and Huatailong shall have the joint obligation for the construction costs and should pay to Huaxin within 15 days from the effective date of this judgment. Accordingly, Huatailong recognised RMB159 million (equivalent to US\$22,172,000) as payable for litigation compensation which is presented under "accounts and other payables and accrued expenses" as at September 30, 2023. The payable to Huaxin amounting to US\$22,172,000 is not settled by Huatailong and Huatailong is actively seeking other measures to protest against the June 2023 Huaxin Final Instance Adjudication whereby a result has yet to be reached.

17. CONTINGENCIES - continued

(i) **Litigation with Huaxin and Zhongxinfang** - continued

(a) *Litigations with Huaxin and Zhongxinfang for the construction costs* - continued

On July 24, 2023, Huaxin applied for an enforcement of the June 2023 Final Instance Adjudication (the "July 2023 Enforcement") and Huatailong has submitted the declaration of its assets to the Tibet Intermediate Court for assessment. As at September 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, seven bank accounts of Huatailong amounting to US\$3,000, the New Premises (for which the Group's right to receive is recognised as non-current assets amounting to US\$17,445,000), the 51% equity interest in Metrorkongka County Jiama Industry and Trade Co., which is a subsidiary of the Company and directly held by Huatailong, the equity investments in two unlisted companies incorporated in the PRC that are recognised as equity instruments as at FVTOCI amounting to US\$814,000, and one piece of leasehold land that is recognised as right-of-use assets amounting to US\$1,045,000 as at September 30, 2023, have been frozen temporarily by the Tibet Intermediate Court without a clear freezing period, and valuation institutes have been selected to perform valuation assessment on the leasehold land held by Huatailong and yet to be finalised. Enforcement is currently under proceeding and enforcement rulings is not finalised.

(b) *Litigations with Zhongxinfang for the recovery of construction costs*

Pursuant to the First Instance Adjudication, Huatailong filed a lawsuit against Zhongxinfang for the recovery of the construction costs of RMB149 million (equivalents to US\$21,319,000) jointly borne by Huatailong on the First Instance Adjudication. Based on the first instance adjudication dated on September 23, 2020, the litigation ruling adjudicated that Zhongxinfang shall have obligation for the construction costs of RMB149 million (equivalents to US\$21,319,000) to Huatailong (the "September 2020 Adjudication"). In October 2020, Zhongxinfang proceeded an appeal against the September 2020 Adjudication and revoked subsequently. On June 20, 2023, Tibet High Court adjudicated that the September 2020 Adjudication sustained (the "June 2023 Zhongxinfang Final Instance Adjudication") and Zhongxinfang should pay relevant compensation to Huatailong within 15 days from the effective date of the June 2023 Zhongxinfang Final Instance Adjudication. On 15 September 2023, Huatailong applied for an enforcement of the June 2023 Zhongxinfang Final Instance Adjudication (the "September 2023 Enforcement") and as there are no executable properties from Zhongxinfang, as at September 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, Zhongxinfang has not yet paid the compensation to Huatailong and the September 2023 Enforcement is not executed.

17. CONTINGENCIES - continued

(i) **Litigation with Huaxin and Zhongxinfang** - continued

(c) *Litigations with Zhongxinfang for the delivery of New Premises and recovery of tax and other surcharge*

On June 21, 2021, Huatailong applied for pre-litigation preservation of the New Premises from Zhongxinfang, the Tibet Intermediate Court, adjudicated that the value of New Premises limited to RMB137 million (equivalent to US\$21,207,000), and the New Premises comprising a block of buildings and twenty car parks from Zhongxinfang were frozen for three and two years respectively (the "New Premises Pre-litigation Preservation"). On July 21, 2021, pursuant to the New Premises Pre-litigation Preservation, Huatailong proceeded a lawsuit against Zhongxinfang for the delivery of New Premises and the payment of penalty amounting to RMB5 million (equivalent to US\$773,000), and on April 20, 2022, Huatailong submitted alternation of claims application to the court and requested the delivery of New Premises and changing the penalty charge to be RMB9 million (equivalent to US\$1,397,000). On November 5, 2022, Tibet Intermediate Court adjudicated that Zhongxinfang should pay penalty of RMB9 million (equivalent to US\$1,397,000) to Huatailong (the "November 2022 Adjudication") within 15 days from the effective date of the November 2022 Adjudication due to the overdue in delivery of the New Premises. In March 2023, Huatailong applied for an enforcement of the November 2022 Adjudication in March 2023 (the "March 2023 Enforcement"). Based on legal advice, the March 2023 Enforcement is currently under proceeding and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

As at September 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, the composite project is still suspended due to litigations against Zhongxinfang and the New Premises are not delivered to Huatailong on May 31, 2021, the original contractual delivery date. Based on Group's assessment on the status of the New Premises, no impairment loss has been made on the other non-current assets as at September 30, 2023 (December 31, 2022: nil).

17. CONTINGENCIES - continued

(i) **Litigation with Huaxin and Zhongxinfang** - continued

(c) *Litigations with Zhongxinfang for the delivery of New Premises and recovery of tax and other surcharge* - continued

In addition, during the year ended December 31, 2020, Huatailong has paid the tax and other surcharges of RMB46 million (equivalent to US\$6,997,000) related to the Land Exchange (the "Tax and Other Surcharge") and expects to recover such payments from Zhongxinfang in accordance with the Cooperation Agreement. On July 8, 2020, Huatailong applied for pre-litigation preservation of assets from Zhongxinfang, the Tibet Intermediate Court adjudicated that the value of certain properties limited to RMB46 million (equivalent to US\$6,609,000) from Zhongxinfang was frozen for one year (the "Pre-litigation Preservation"). Based on the adjudication issued on November 20, 2020 in relation to the lawsuit against Zhongxinfang for the recovery of the Tax and Other Surcharge, the litigation ruling adjudicated that Zhongxinfang shall repay the Tax and Other Surcharge to Huatailong (the "November 2020 Adjudication"). As Zhongxinfang has not settled such amount within the due date, Huatailong applied for an enforcement of the November 2020 Adjudication in January 2021 (the "2021 Enforcement"). On June 24, 2021, the Tibet Intermediate Court adjudicated the 2021 Enforcement be suspended as all of the assets owned by Zhongxinfang have been sealed up or frozen and there are no executable properties from Zhongxinfang. Based on legal advice, the 2021 Enforcement is currently suspended and the Group's first priority of claim over one of the assets under Pre-litigation Preservation has been extended for three years till May 24, 2024. The result of aforementioned 2021 Enforcement is not ascertain as at September 30, 2023 and the date these condensed consolidated financial statements are authorised for issue.

Based on the best available information to the Group and the credit assessment as of September 30, 2023, US\$1,622,000 expected credit loss (for the nine months ended September 30, 2022: nil) for other receivables is recognised during the three months ended September 30, 2023, and the accumulated allowance for credit losses is RMB22,827,000 (equivalent to US\$3,266,000) as of September 30, 2023 (December 31, 2022: RMB11,452,000 (equivalent to US\$1,644,000)).

(ii) **Litigation with an independent supplier of Huatailong**

In May 2023, a supplier of Huatailong proceeded a lawsuit against Huatailong for the loss of work stoppage and slowdown resulting from the suspension of Jiama Mine's south pit which are required to remediate by local government from June 19, 2021, amounting RMB479 million (equivalent to US\$66,778,000), and applied for pre-litigation preservation of assets from Huatailong, for one year.

On May 24, 2023, the Tibet Intermediate Court adjudicated balance with same amount as aforementioned held by China National Gold Group Finance Company Limited ("China Gold Finance"), a subsidiary of CNG was frozen for one year. Accordingly, the frozen bank deposit of US\$66,778,000 was included in restricted bank balances as at September 30, 2023.

17. CONTINGENCIES - continued

**(ii) Litigation with an independent supplier of Huatailong – continued**

As at September 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, the court was in session for three times since August 14, 2023 and the verdict is not delivered. The outcome of this legal proceeding is yet to be finalised. In the opinion of the directors of the Company, after consultation of the external legal counsel, there is no reasonable ground to support the arguments of the plaintiff, and accordingly, no provision is made in the condensed consolidated financial statements.

18. EVENT AFTER THE REPORTING PERIOD

The Group had no material event after the end of the reporting period.

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