

CHINA GOLD INTERNATIONAL RESOURCES
CORP. LTD.

(incorporated in British Columbia, Canada with
limited liability)

Condensed Consolidated Financial Statements
For the three and six months ended June 30, 2023

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

	NOTES	Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
		US\$'000	US\$'000	US\$'000	US\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	73,016	291,994	325,794	596,015
Cost of sales		(79,166)	(174,304)	(229,234)	(372,797)
Mine operating (loss) earnings		(6,150)	117,690	96,560	223,218
Expenses					
General and administrative expenses	4	(7,896)	(8,296)	(17,480)	(18,244)
Exploration and evaluation expenditure		(45)	(256)	(80)	(296)
Research and development expenses		(1,442)	(5,470)	(6,084)	(11,355)
		(9,383)	(14,022)	(23,644)	(29,895)
(Loss) income from operations		(15,533)	103,668	72,916	193,323
Other (expenses) income					
Foreign exchange loss, net		(11,679)	(11,542)	(8,368)	(9,869)
Interest and other income		3,799	5,915	5,898	6,732
Other expenses	17	(22,614)	-	(22,614)	-
Finance costs	5	(6,880)	(7,943)	(13,586)	(16,131)
		(37,374)	(13,570)	(38,670)	(19,268)
(Loss) profit before income tax		(52,907)	90,098	34,246	174,055
Income tax expenses	6	(432)	(8,374)	(8,925)	(20,529)
(Loss) profit for the period		(53,339)	81,724	25,321	153,526
Other comprehensive (expenses) income for the period					
<i>Item that will not be reclassified to profit or loss:</i>					
Fair value (loss) gain on investment in an equity security		(309)	(2,965)	(3,200)	4,501
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation		(39,563)	(46,186)	(28,846)	(43,845)
		(39,872)	(49,151)	(32,046)	(39,344)
Total comprehensive (expenses) income for the period		(93,211)	32,573	(6,725)	114,182
(Loss) profit for the period attributable to					
Non-controlling interests		357	530	1,237	1,104
Owners of the Company		(53,696)	81,194	24,084	152,422
		(53,339)	81,724	25,321	153,526

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	Three months ended June 30,		Six months ended June 30,	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		US\$'000	US\$'000	US\$'000	US\$'000
Total comprehensive (expenses) income for the period attributable to Non-controlling interests Owners of the Company		361 (93,572)	540 32,033	1,240 (7,965)	1,111 113,071
		<u>(93,211)</u>	<u>32,573</u>	<u>(6,725)</u>	<u>114,182</u>
(Loss) earnings per share - Basic (US cents)	8	<u>(13.55)</u>	<u>20.48</u>	<u>6.08</u>	<u>38.45</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 JUNE 30, 2023 (unaudited)

	<u>NOTES</u>	June 30, 2023 US\$'000 (unaudited)	December 31, 2022 US\$'000 (audited)
Current assets			
Cash and cash equivalents		139,450	428,453
Restricted bank balance	17	66,353	1,572
Trade and other receivables	9	14,531	8,718
Dividends receivables		1,989	-
Prepaid expenses and deposits		2,290	810
Inventories	10	312,967	293,089
		<u>537,580</u>	<u>732,642</u>
Non-current assets			
Prepaid expenses and deposits		1,179	735
Right-of-use assets	11	40,075	42,487
Equity instruments at fair value through other comprehensive income	16	34,118	37,348
Property, plant and equipment	11	1,463,184	1,579,245
Mining rights	11	772,181	784,470
Other non-current assets	17	17,334	17,984
		<u>2,328,071</u>	<u>2,462,269</u>
Total assets		<u><u>2,865,651</u></u>	<u><u>3,194,911</u></u>
Current liabilities			
Accounts and other payables and accrued expenses	12	187,055	218,058
Contract liabilities		1,707	6,255
Borrowings	13	132,281	399,567
Tax liabilities		4,917	14,239
Lease liabilities		518	516
		<u>326,478</u>	<u>638,635</u>
Net current assets		<u>211,102</u>	<u>94,007</u>
Total assets less current liabilities		<u>2,539,173</u>	<u>2,556,276</u>
Non-current liabilities			
Borrowings	13	589,715	433,501
Lease liabilities		1,424	1,501
Deferred tax liabilities		107,887	125,373
Deferred income		66	186
Environmental rehabilitation		91,158	92,285
		<u>790,250</u>	<u>652,846</u>
Total liabilities		<u><u>1,116,728</u></u>	<u><u>1,291,481</u></u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	June 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Owners' equity			
Share capital	14	1,229,061	1,229,061
Reserves		48,762	83,692
Retained profits		451,518	571,226
		<u>1,729,341</u>	<u>1,883,979</u>
Non-controlling interests		19,582	19,451
		<u>1,748,923</u>	<u>1,903,430</u>
Total owners' equity		<u>1,748,923</u>	<u>1,903,430</u>
Total liabilities and owners' equity		<u>2,865,651</u>	<u>3,194,911</u>

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

(Signed by) Junhu Tong

Junhu Tong
Director

(Signed by) Yingbin Ian He

Yingbin Ian He
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

	Attributable to owners of the Company							Non-controlling interests	Total owners' equity	
	Number of shares	Share capital	Equity reserve	Investment revaluation reserve	Exchange reserve	Statutory reserve	Retained profits			
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	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	-	-	-	-	-	-	152,422	152,422	1,104	153,526
Fair value gain on investment in an equity security	-	-	-	4,501	-	-	-	4,501	-	4,501
Exchange difference arising on translation	-	-	-	-	(43,852)	-	-	(43,852)	7	(43,845)
Total comprehensive income (expenses) for the period	-	-	-	4,501	(43,852)	-	152,422	113,071	1,111	114,182
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,517	(1,517)	-	-	-
Dividend distribution (note 7)	-	-	-	-	-	-	(99,103)	(99,103)	-	(99,103)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(440)	(440)
At June 30, 2022 (unaudited)	396,413,753	1,229,061	11,179	12,532	(26,909)	70,055	533,972	1,829,890	18,141	1,848,031
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
Profit for the period	-	-	-	-	-	-	24,084	24,084	1,237	25,321
Fair value loss on investment in an equity security	-	-	-	(3,200)	-	-	-	(3,200)	-	(3,200)
Exchange difference arising on translation	-	-	-	-	(28,849)	-	-	(28,849)	3	(28,846)
Total comprehensive (expenses) income for the period	-	-	-	(3,200)	(28,849)	-	24,084	(7,965)	1,240	(6,725)
Release from statutory reserve - safety production fund	-	-	-	-	-	(2,881)	2,881	-	-	-
Dividend distribution (note 7)	-	-	-	-	-	-	(146,673)	(146,673)	-	(146,673)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(1,109)	(1,109)
At June 30, 2023 (unaudited)	396,413,753	1,229,061	11,179	13,299	(75,957)	100,241	451,518	1,729,341	19,582	1,748,923

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

	Three months ended June 30,		Six months ended June 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)
Net cash (used in) from operating activities	<u>(73,537)</u>	<u>107,618</u>	<u>54,175</u>	<u>268,384</u>
Investing activities				
Interest income received	1,662	1,267	3,282	2,247
Payment for acquisition of property, plant and equipment	(20,200)	(1,530)	(30,051)	(13,537)
Payment for acquisition of right-of-use assets	-	(18,385)	-	(21,573)
Placement of restricted bank deposits	(66,353)	(801)	(66,353)	(2,097)
Release of restricted bank deposits	475	3,128	1,580	6,303
Net cash used in investing activities	<u>(84,416)</u>	<u>(16,321)</u>	<u>(91,542)</u>	<u>(28,657)</u>
Financing activities				
Proceeds from borrowings	279,891	-	279,891	-
Repayment of borrowings	(366,819)	(25,603)	(366,819)	(25,603)
Dividends paid to a non-controlling shareholder	(681)	-	(1,109)	(440)
Dividends paid to shareholders	(146,655)	(99,091)	(146,655)	(99,091)
Payment for lease	(30)	(30)	(58)	(60)
Cash used in financing activities	<u>(234,294)</u>	<u>(124,724)</u>	<u>(234,750)</u>	<u>(125,194)</u>
Net (decrease) increase in cash and cash equivalents	<u>(392,247)</u>	<u>(33,427)</u>	<u>(272,117)</u>	<u>114,533</u>
Cash and cash equivalents, beginning of period	553,041	354,094	428,453	208,128
Effect of foreign exchange rate changes on cash and cash equivalents	(21,344)	(2,748)	(16,886)	(4,742)
Cash and cash equivalents, end of period	<u><u>139,450</u></u>	<u><u>317,919</u></u>	<u><u>139,450</u></u>	<u><u>317,919</u></u>
Cash and cash equivalents are comprised of cash and bank deposits	<u>139,450</u>	<u>317,919</u>	<u>139,450</u>	<u>317,919</u>

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

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.

On March 27, 2023, a tailings overflow occurred due to minor tailing dam damages from the Guolanggou tailings pond at the Group's Jiama Copper-Gold Polymetallic Mine ("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.

Up to the date these condensed consolidated financial statements are authorised for issue, the Group does not have an exact timeline for the re-start of production. However, the Group has conducted a comprehensive inspection and assessment of all 19 levels of subsequent dykes and the starter dyke of the tailings dam. The Group is adopting various active measures to promote the resumption of production of the Jiama Mine and the repair and major reinforcement construction have been completed and some reinforcement works are still in the final stage. Following the completion of the construction, the Group will conduct a safety assessment of the entire tailings pond and submit an assessment report to the regulatory authority by the end of August 2023. The government regulators will decide when to grant permission to resume production based on the assessment report.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

During the three months ended June 30, 2023, the Group recorded a net loss of US\$53 million and net operating cash outflows of US\$74 million although the Group recorded an accumulated profit of US\$25 million and net operating cash inflows of US\$54 million for the six months ended June 30, 2023 and the Group's current assets exceeded its current liabilities by approximately US\$211 million as at June 30, 2023. In view of overflow and aforementioned circumstances, the suspension of Jiama Mine's operation have had negative impact on the financial performance of the Group, generate less operating cash flow than normal operation and effects of litigations as detailed in Note 17, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the Group's cash flow projection with impact of Jiama Mine's suspension, the expected resumption of operations and effects of litigations as detailed in Note 17, including the Group's ability to obtain the new financing and the Group's future capital expenditure in respect of its non-cancellable capital commitments 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.

During the six months ended June 30, 2023, as described in Note 17 to the condensed consolidated financial statements, the Group involved in several lawsuits and disputes with third parties for a construction contract dispute and breach of contract actions incidental to the normal course of business operations of the Group. As at June 30, 2023, provisions of US\$23 million are recognised in relation to a construction contract dispute which the Group has joint obligation for the construction costs. In addition, the Group is currently involved in litigation pending legal proceedings and no provisions are recognised in the condensed consolidated financial statements when, after assessing the information available, the Group concludes that it is not probable that a loss has been incurred in any of the pending litigation. Details of litigation involved are set out in Note 17.

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 six months ended June 30, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

2. PRINCIPAL ACCOUNTING POLICIES - continued

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 June 30,		Six months ended June 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000	US\$'000	US\$'000
<u>At a point in time</u>				
Gold doré bars	71,334	72,168	137,749	141,903
Copper	-	159,115	134,403	337,784
Other by-products	1,682	60,711	53,642	116,328
Total revenue	<u>73,016</u>	<u>291,994</u>	<u>325,794</u>	<u>596,015</u>

3. REVENUE AND SEGMENT INFORMATION - continued

Revenue - continued

(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.

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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 six months ended June 30, 2023

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue - external and segment revenue	137,749	188,045	325,794	-	325,794
Cost of sales	(95,842)	(133,392)	(229,234)	-	(229,234)
Mining operating earnings	41,907	54,653	96,560	-	96,560
Income (loss) from operations	41,827	33,108	74,935	(2,019)	72,916
Foreign exchange loss, net	(1,232)	(4,158)	(5,390)	(2,978)	(8,368)
Interest and other income	948	2,650	3,598	2,300	5,898
Other expenses	-	(22,614)	(22,614)	-	(22,614)
Finance costs	(528)	(7,930)	(8,458)	(5,128)	(13,586)
Profit (loss) before income tax	41,015	1,056	42,071	(7,825)	34,246

For the six months ended June 30, 2022

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue - external and segment revenue	141,903	454,112	596,015	-	596,015
Cost of sales	(112,994)	(259,803)	(372,797)	-	(372,797)
Mining operating earnings	28,909	194,309	223,218	-	223,218
Income (loss) from operations	28,614	166,736	195,350	(2,027)	193,323
Foreign exchange (loss) gain, net	(2,520)	(10,459)	(12,979)	3,110	(9,869)
Interest and other income	664	3,360	4,024	2,708	6,732
Finance costs	(877)	(10,403)	(11,280)	(4,851)	(16,131)
Profit (loss) before income tax	25,881	149,234	175,115	(1,060)	174,055

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

(a) Segment revenue and results - continued

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 gain (loss), 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 six months ended June 30, 2023 and 2022.

(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
As of June 30, 2023					
Total assets	540,481	2,276,561	2,817,042	48,609	2,865,651
Total liabilities	49,725	986,033	1,035,758	80,970	1,116,728
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As of December 31, 2022					
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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 equipment 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.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	<u>2023</u> US\$'000	<u>2022</u> US\$'000	<u>2023</u> US\$'000	<u>2022</u> US\$'000
Administration and office	1,114	1,106	2,481	3,042
Depreciation of property, plant and equipment	1,885	1,555	3,814	3,230
Depreciation of right-of-use assets	25	26	50	53
Professional fees	491	630	841	1,365
Salaries and benefits	3,444	2,589	6,903	5,899
Others	937	2,390	3,391	4,655
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total general and administrative expenses	<u>7,896</u>	<u>8,296</u>	<u>17,480</u>	<u>18,244</u>

5. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	<u>2023</u> US\$'000	<u>2022</u> US\$'000	<u>2023</u> US\$'000	<u>2022</u> US\$'000
Interests on borrowings	5,938	6,533	11,680	13,331
Interests on lease liabilities	23	31	47	63
Accretion on environmental rehabilitation	947	1,357	1,919	2,773
	<u>6,908</u>	<u>7,921</u>	<u>13,646</u>	<u>16,167</u>
Less: Amounts capitalised to property, plant and equipment	<u>(28)</u>	<u>22</u>	<u>(60)</u>	<u>(36)</u>
Total finance costs	<u>6,880</u>	<u>7,943</u>	<u>13,586</u>	<u>16,131</u>

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6. INCOME TAX EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Current tax:				
PRC Enterprise Income Tax	(1,881)	5,039	8,526	18,302
PRC withholding income tax on profit earned from PRC subsidiaries	19,040	10,939	19,733	10,939
Overprovision of PRC Enterprise Income Tax in prior year	(1,581)	(123)	(1,581)	(123)
	<u>15,578</u>	<u>15,855</u>	<u>26,678</u>	<u>29,118</u>
Deferred tax:				
PRC Enterprise Income Tax	1,520	2,937	(394)	1,829
PRC withholding income tax on profit earned from PRC subsidiaries	(16,666)	(10,418)	(17,359)	(10,418)
	<u>(15,146)</u>	<u>(7,481)</u>	<u>(17,753)</u>	<u>(8,589)</u>
Total income tax expenses	<u>432</u>	<u>8,374</u>	<u>8,925</u>	<u>20,529</u>

7. DIVIDEND

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

8. (LOSS) EARNINGS PER SHARE

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

	Three months ended June 30,		Six months ended June 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share (US\$'000)	<u>(53,696)</u>	<u>81,194</u>	<u>24,084</u>	<u>152,422</u>
Weighted average number of 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>(13.55)</u>	<u>20.48</u>	<u>6.08</u>	<u>38.45</u>

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8. (LOSS) EARNINGS PER SHARE - continued

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

9. TRADE AND OTHER RECEIVABLES

	June 30, <u>2023</u> US\$'000	December 31, <u>2022</u> US\$'000
Trade receivables	2,527	1,112
Less: Allowance for credit loss	<u>(103)</u>	<u>(106)</u>
	2,424	1,006
Amounts due from related companies (note 15(a)) ⁽¹⁾	914	965
Other receivables ⁽²⁾	<u>11,193</u>	<u>6,747</u>
Total trade and other receivables	<u><u>14,531</u></u>	<u><u>8,718</u></u>

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

⁽²⁾ Included in the balance as at June 30, 2023 are US\$3,472,000 value-added tax recoverable (December 31, 2022: nil) and tax and other surcharges of US\$4,733,000 (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.

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:

	June 30, <u>2023</u> US\$'000	December 31, <u>2022</u> US\$'000
Less than 30 days	121	24
31 to 90 days	776	347
91 to 180 days	821	595
Over 180 days	<u>706</u>	<u>40</u>
	<u><u>2,424</u></u>	<u><u>1,006</u></u>

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10. INVENTORIES

	June 30, <u>2023</u> US\$'000	December 31, <u>2022</u> US\$'000
Gold in process	238,222	221,807
Gold doré bars	21,084	22,110
Consumables	15,851	17,409
Copper concentrates	10,916	5,613
Spare parts	26,894	26,150
Total inventories	<u>312,967</u>	<u>293,089</u>

Cost of inventory sold totaling US\$49 million and US\$199 million for the three and six months ended June 30, 2023, respectively (three and six months ended June 30, 2022: US\$174 million and US\$372 million, respectively) was recognised in cost of sales.

11. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS

During the six months ended June 30, 2023, the Group incurred approximately US\$2.0 million on construction in progress (for the six months ended June 30, 2022: approximately US\$2.3 million) and approximately US\$1.8 million on mineral assets (for the six months ended June 30, 2022: approximately US\$14.9 million), respectively.

Depreciation of property, plant and equipment was US\$30.6 million and US\$75.1 million for the three and six months ended June 30, 2023, respectively (for the three and six months ended June 30, 2022: US\$46.3 million and US\$89.3 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 six months ended June 30, 2023 and 2022. Amortisation of mining rights was US\$0.8 million and US\$10.3 million for the three and six months ended June 30, 2023, respectively (for the three and months ended June 30, 2022: US\$10.6 million and US\$21.1 million, respectively). The amortisation amounts were recognised in cost of sales.

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12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	June 30, <u>2023</u> US\$'000	December 31, <u>2022</u> US\$'000
Accounts payable	22,103	38,808
Bills payable	21,611	31,523
Construction cost payables	96,039	118,123
Mining cost accrual	7,746	1,512
Payroll and benefit payables	453	324
Other accruals	2,098	1,323
Other tax payable	3,066	15,329
Payable for litigation compensation (Note 17)	21,686	-
Other payables	7,580	6,268
Payable for acquisition of a mining right	4,673	4,848
Total accounts and other payables and accrued expenses	<u>187,055</u>	<u>218,058</u>

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

	June 30, <u>2023</u> US\$'000	December 31, <u>2022</u> US\$'000
Less than 30 days	6,344	18,452
31 to 90 days	3,231	7,520
91 to 180 days	4,923	2,864
Over 180 days	7,605	9,972
Total accounts payable	<u>22,103</u>	<u>38,808</u>

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

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

	June 30, <u>2023</u> US\$'000	December 31, <u>2022</u> US\$'000
Less than 30 days	586	7,604
31 to 60 days	5,000	2,050
61 to 90 days	1,532	5,599
91 to 180 days	14,493	16,270
Total bills payable	<u>21,611</u>	<u>31,523</u>

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13. BORROWINGS

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Bank loans	666,639	533,722
Loans payable to a CNG's subsidiary (Note 15(a))	55,357	-
Bonds	-	299,346
	<u>721,996</u>	<u>833,068</u>

The borrowings are repayable as follows:

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Carrying amount repayable within one year	132,281	399,567
Carrying amount repayable within one to two years	62,830	57,433
Carrying amount repayable within two to five years	387,916	201,017
Carrying amount repayable over five years	138,969	175,051
	<u>721,996</u>	<u>833,068</u>
Less: Amounts due within one year (shown under current liabilities)	<u>(132,281)</u>	<u>(399,567)</u>
Amounts shown under non-current liabilities	<u>589,715</u>	<u>433,501</u>
Analysed as:		
Secured	325,986	352,570
Unsecured	396,010	480,498
	<u>721,996</u>	<u>833,068</u>

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

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Mining rights	<u>769,451</u>	<u>780,978</u>

Borrowings carry interest at effective interest rates ranging from 1.05% to 6.30% (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, December 31, 2022 and June 30, 2023	<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.

In accordance with IAS 24 "Related party disclosures", the management believes that information relating to related party transactions have been adequately disclosed in conformity of the IFRSs.

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 six months ended June 30, 2023 and 2022.

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:

	June 30, <u>2023</u> %	December 31, <u>2022</u> %
CNG	<u>40.01</u>	<u>40.01</u>

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15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

(a) Transactions/balances with CNG and its subsidiaries

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

	Three months ended June 30,		Six months ended June 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Gold doré bars sales by the Group	<u>71,334</u>	<u>72,168</u>	<u>137,749</u>	<u>141,903</u>
Copper and other by-products sales by the Group	<u>-</u>	<u>208,256</u>	<u>171,979</u>	<u>431,884</u>
Provision of transportation services by the Group	<u>71</u>	<u>274</u>	<u>756</u>	<u>715</u>
Construction, stripping and mining services provided to the Group	<u>28,461</u>	<u>3,310</u>	<u>29,056</u>	<u>3,854</u>
Accrued rental expenses and property management fee for PRC office	<u>233</u>	<u>-</u>	<u>233</u>	<u>-</u>
Commitment fee	<u>163</u>	<u>177</u>	<u>330</u>	<u>392</u>
Interest income	<u>1,388</u>	<u>1,184</u>	<u>2,874</u>	<u>2,099</u>
Interest expenses on loans payable to a CNG's subsidiary	<u>102</u>	<u>-</u>	<u>102</u>	<u>-</u>
Interest expenses on lease liabilities	<u>21</u>	<u>27</u>	<u>42</u>	<u>55</u>

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

	June 30,	December 31,
	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000
<u>Assets</u>		
Amounts due from related companies (Note 9)	914	965
Cash and cash equivalents held in a CNG's subsidiary	116,274	385,143
Restricted bank balance held in a CNG's subsidiary (Note 17)	<u>66,353</u>	<u>-</u>
	<u>183,541</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 June 30, 2023 and December 31, 2022, which are included in trade and other receivables are non-interest bearing, unsecured and recoverable on demand.

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15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

	June 30, <u>2023</u> US\$'000	December 31, <u>2022</u> US\$'000
<u>Liabilities</u>		
Construction costs payable to CNG's subsidiaries	5,755	198
Trade payable to CNG's subsidiaries	2,964	3,168
Amount due to CNG	888	727
Contract liabilities with CNG's subsidiaries	1,175	6,172
Loans payable to a CNG's subsidiary	55,357	-
Lease liabilities to a CNG's subsidiary	1,745	1,769
	<u>67,884</u>	<u>12,034</u>

As at June 30, 2022, 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.

(b) Compensation of key management personnel

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

	Three months ended June 30,		Six months ended June 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Salaries and other benefits	77	53	185	142
Post-employment benefits	3	1	10	6
	<u>80</u>	<u>54</u>	<u>195</u>	<u>148</u>

16. FINANCIAL INSTRUMENTS

As at June 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\$33,309,000 (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.

16. FINANCIAL INSTRUMENTS - continued

In addition, investment in an unlisted company incorporated in the PRC of US\$809,000 (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.

17. CONTINGENCIES - continued

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

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

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 RMB157 million (equivalent to US\$21,686,000) as payable for litigation compensation which is presented under "accounts and other payables and accrued expenses" as at June 30, 2023.

On July 24, 2023, Huaxin applied for an enforcement of the June 2023 Final Instance Adjudication (the "July 2023 Enforcement") and up to the date these condensed consolidated financial statements are authorised for issue, Huatailong has received the related enforcements notice which required Huatailong to declare its assets to Tibet Intermediate Court for assessment. In addition, certain bank accounts of Huatailong amounting to US\$6,000 as at June 30, 2023 have been frozen by the Tibet Intermediate Court, the July 2023 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. As at June 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, Zhongxinfang does not pay the compensation to Huatailong.

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 million), 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 June 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, there has been no significant market value decline of comparable properties during the current period and no impairment loss has been made on the other non-current assets as at June 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 June 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 June 30, 2023, no additional expected credit loss (for the six months ended June 30, 2022: nil) for other receivables is recognised during the three months ended June 30, 2023, and the accumulated allowance for credit losses is RMB11,452,000 (equivalent to US\$1,585,000) as of June 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\$66,353,000), 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\$66,353,000 was included in restricted bank balances as at June 30, 2023.

17. CONTINGENCIES - continued

(ii) Litigation with an independent supplier of Huatailong - continued

As at June 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, the court was in session on August 14, 2023 and the verdict is not delivered. The outcome of this legal proceeding was 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.
