REGISTERED NUMBER: 05059077 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 December 2022

for

Vatukoula Gold Mines Limited

Shinewing Wilson Accountancy Limited
Chartered Certified Accountants
and Statutory Auditors
9 St Clare Street
London
EC3N 1LQ

Vatukoula Gold Mines Limited

Contents of the Financial Statements
for the Year Ended 31 December 2022

Vatukoula Gold Mines Limited

Company Information
for the Year Ended 31 December 2022

DIRECTORS:	Yingbin He Debao Mao Yuhua Zhu Yuzhi Zheng Chao Wang
SECRETARY:	Laytons Secretaries Limited
REGISTERED OFFICE:	c/o Laytons LLP 3rd Floor, Pinners Hall 105-108 Old Broad Street London EC2N 1ER
REGISTERED NUMBER:	05059077 (England and Wales)
AUDITORS:	Shinewing Wilson Accountancy Limited Chartered Certified Accountants and Statutory Auditors 9 St Clare Street London EC3N 1LQ

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

Subsequent to the delisting from AIM in 2014 and the restructuring, in particular the Company divesting management control of its operations to the subsidiaries that own the assets, the role of the Company has continued as an investment holding company for its subsidiary undertakings.

RESULTS AND PERFORMANCE

The loss for the financial year is £10.6 million (2021: profit of £0.96 million), mainly due to impairment loss on the intercompany loan to subsidiary (2021: profit due to irrecoverable loans and investment written off).

The financial position of the Company at year end is net liabilities of £57.90 million (2021: £47.30 million)

The Company is currently in the process of restructuring in order to maximise the existing and future benefits from its investment. The immediate parent Zhongrun International Mining Co. Ltd continues to finance the Company and its subsidiaries. As at 31 December 2022, the amount due to this immediate parent was in the sum of £57.89 million (2021: £47.25 million).

Due to the current status of the Company, the Board has not identified any performance indicators as key.

FUTURE DEVELOPMENT

The Company is continuously looking for new investment opportunities.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The main risks and uncertainties are as follows:

Liquidity risk

The Company actively manages its working finance to ensure the Company has sufficient funds for current operations. As referred to in note 2 of the financial statements, it is for this reason that the directors believe it is appropriate to prepare the financial statements on a going concern basis.

Financing risk

The Company's activities expose it primarily to the financial risks of continuation of investment and the associated funding, from its parent company directly or indirectly. Short-term financing risk is managed by close liaison with the parent company to ensure that loan facility to the Company and its subsidiaries is available and supported in a timely matter.

Interest rate cash flow risk

Interest bearing assets earn interest at a fixed rate at 4.75% p.a., the Company does not have any variable rate debt and debt interest payable is at a fixed rate of 4.75%, therefore it is not exposed to interest rate cash flow risk on its debt.

Foreign exchange risk

The Company operates in the United Kingdom, borrows a large loan in US dollar from its immediate parent, and exposes to foreign exchange risk. The board is aware the situation and monitors this risk on a regular basis. The Company's profitability may increase or decrease if the change in costs or income due to the exchange rate fluctuates from that originally expected, therefore, the management ensures to have a robust foreign exchange strategy along with associated policies and procedures in place to deal with this. However, the directors do not currently consider it's necessary to enter into forward exchange contracts.

Ukraine conflict

Following the outbreak of the conflict in Ukraine, the Company has acknowledged energy risks. As such, the Company and its subsidiaries work with their consultants to ensure the appropriate actions are taken by the operating subsidiaries to minimise the impact to the businesses.

SECTION 172(1) STATEMENT
The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after 1 January 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duties to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the Company. The board welcomes the direction of the UK Financial Reporting Council (the 'FRC'). This S172 statement, which is reported for the first time, explains how the directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employees' interests, the need to foster the company's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance, and the level of information disclosed is consistent with the size and the complexity of the business.

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

a) The likely consequences of any decision in the long term
The Company's operations and investment plans for the year could include, but not be limited to, new investments, acquisition opportunities and strategic partnerships. This is prepared by the Company's senior leadership team and approved by the board of the immediate and ultimate parent companies and is aligned with the long-term plans for the Company within the context of the overall group strategy.

b) The interests of the Company's employees
The directors recognise that the employees are fundamental and core to our business and delivery of our strategic ambitions, although the Company currently has no employees except directors due to the process of restructuring. The company may likely recruit employees after the completion of its restructuring. The business is committed to promoting fairness and equality in the workplace which it demonstrates through a number of policies, including: Equal Opportunities Policy; Flexible Working Policy; Parental Leave Policy; and Maternity, Paternity and Adoption Policies.

c) The need to foster the company's business relationships with suppliers, customers and others.
Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, local and national government, regulators and other associated stakeholders. In its relationship with our major suppliers - professional service providers, the Company strives to maintain a reputation for fairness and high standard communications.

d) The impact of the Company's operations on the community and the environment
The Company is a holding company and has chosen to invest in mining business. Threat of climate change and the depletion of resources has grown, so sustainability issues have become a major issue in the communities and environment. It is the view of directors of the Company to be responsible investor and operator.

e) The desirability of the Company maintaining a reputation for high standards of business conduct
The greatest value of a company is its image and brand. By maintaining a reputation for high standards of business conduct, the Company can be more effective in preventing fraud, corruption, losing businesses and customers, and costly legal expenses. The directors monitor compliance with relevant governance standards and assure that the Company acts in a way that promotes high standards of business conduct.

f) The need to act fairly as between members of the Company
The directors, in carrying out their role, must use their own skill and judgment and have regard to the likely long-term consequences of their decisions, in order to prioritise the long-term success of the Company. The interests of controlling shareholder and minority shareholders may not align, particularly in case of connected party transactions. However, it is the duties of directors to ensure fair dealings that benefit all shareholders equally, to act in good faith and to exercise their powers diligently.

ON BEHALF OF THE BOARD:

Vatukoula Gold Mines Limited

Strategic Report
for the Year Ended 31 December 2022

....
Yingbin He - Director

Date: July 17, 2023

Report of the Directors
for the Year Ended 31 December 2022

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of an investment holding company for its subsidiaries undertakings.

DIVIDENDS
The directors do not recommend the payment of a dividend (2021: £nil).

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

Yingbin He
Debao Mao
Yuhua Zhu

Other changes in directors holding office are as follows:

Zhenchuan Li - resigned 1 January 2022
Yuzhi Zheng - appointed 1 January 2022
Chao Wang - appointed 1 January 2022

POLITICAL DONATIONS AND EXPENDITURE
The Company made no charitable or political donations during the year (2021: £nil).

ENGAGEMENT WITH EMPLOYEES
The Company has no employees except directors.

However, the Company's policy always encourages to employ, develop and promote of disabled persons. If members of staff become disabled, the Company continues their employment, either in the same or an alternative position, with appropriate retraining being given where necessary. Also, employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major part in maintaining its effective management.

POLICY ON PAYMENT OF CREDITORS
The Company seeks to maintain good terms with all of its trading partners. It does not follow any specific code or standard on payment practice. However, it is the Company's policy to agree appropriate terms and conditions for its transactions with suppliers, to ensure that the suppliers are made aware of those terms and, provided the supplier has complied with its obligations, to abide by the terms of payment agreed. Trade payables at the year end all relate to sundry administrative overheads and disclosure of the number of days' purchases represented by year end payables is therefore not meaningful.

STREAMLINED ENERGY AND CARBON REPORTING
The Company is exempt from the Streamlined Energy and Carbon Reporting (SECR) regulations as energy use is less than 40,000 MWh over the reporting period.

DISCLOSURE IN THE STRATEGIC REPORT
The Company has chosen in accordance with Companies Act 2006, s. 4.14C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch.7 to be contained in the directors' report. It has done so in respect of review of the business, future developments and risk management.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Shinewing Wilson Accountancy Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
Yingbin He - Director

Date: July 27, 2023

Vatukoula Gold Mines Limited

Statement of Directors' Responsibilities
for the Year Ended 31 December 2022

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of
Vatukoula Gold Mines Limited

Qualified Opinion
We have audited the financial statements of Vatukoula Gold Mines Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced-Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Qualified Opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

The balance sheet as at 31 December 2022, includes an investment in subsidiaries amount to £464,857 and this investment is fully impaired at year end. We were unable to obtain full information of all subsidiaries within the limited time of audit, to verify the investment valuation and its impairment losses. As a result of this, we could not satisfy ourselves as to whether the nil amount of investment was free from material misstatement. Any adjustments that might have been found necessary in respect of the this balance would have a significant impact on the financial position of the company as at 31 December 2022 and its profit and loss for the year.

Material uncertainty related to going concern
We draw attention to note 2 in the financial statements, the company had net current liabilities of £0.02 million and net liabilities of £57.90 million respectively at the balance sheet date. The company fully depends on its ultimate parent's support. As stated in note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern. For example, the current Covid 19 situation is not clear. It is difficult to evaluate all of the potential impacts on the Company's investment.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the investment in subsidiaries and its fully impairment as at 31 December 2022. We have concluded that where the other information refers to this balance, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
Except for the matter described in the basis for qualified opinion section of our report, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

Arsing solely from the limitation on the scope of our work relating to the investment in subsidiaries, referred to the above:
- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

Except for the possible effects of the matter described above we have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page seven, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:
- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law and Tax legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include environmental regulations, health and safety legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Julie Zhuge Wilson (Senior Statutory Auditor)
for and on behalf of Shinewing Wilson Accountancy Limited
Chartered Certified Accountants
and Statutory Auditors
9 St Clare Street
London
EC3N 1LQ

Date: 19/07/2023

Vatukoula Gold Mines Limited

Statement of Comprehensive Income
for the Year Ended 31 December 2022

	Notes	31.12.22 £'000	31.12.21 £'000
TURNOVER		-	-
Administrative expenses		12,114	(479)
OPERATING (LOSS)/PROFIT		(12,114)	479
Interest receivable and similar income	5	5,299	4,368
		(6,815)	4,847
Interest payable and similar expenses	6	3,791	3,889
(LOSS)/PROFIT BEFORE TAXATION	7	(10,606)	958
Tax on (loss)/profit	8	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(10,606)	958
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(10,606)	958

The notes form part of these financial statements

Balance Sheet
31 December 2022

	Notes	£'000	31.12.22 £'000	£'000	31.12.21 £'000
CREDITORS					
Amounts falling due within one year	11		16		48
NET CURRENT LIABILITIES			(16)		(48)
TOTAL ASSETS LESS CURRENT LIABILITIES			(16)		(48)
CREDITORS					
Amounts falling due after more than one year	12		57,887		47,249
NET LIABILITIES			(57,903)		(47,297)
CAPITAL AND RESERVES					
Called up share capital	13		17,263		17,263
Share premium			94,830		94,830
Retained earnings			(169,996)		(159,390)
SHAREHOLDERS' FUNDS			(57,903)		(47,297)

The financial statements were approved by the Board of Directors and authorised for issue on ......17/07/2023.................. and were signed on its behalf by:

....
Yingbin He - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31 December 2022

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2021	17,263	(160,348)	94,830	(48,255)
Changes in equity				
Total comprehensive income	-	958	-	958
Balance at 31 December 2021	17,263	(159,390)	94,830	(47,297)
Changes in equity				
Total comprehensive loss	-	(10,606)	-	(10,606)
Balance at 31 December 2022	17,263	(169,996)	94,830	(57,903)

The notes form part of these financial statements

1. STATUTORY INFORMATION

Vatukoula Gold Mines Limited is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

Preparation of financial statements as an individual company
The Company continues to take exception under section 401 of the Companies Act in preparing consolidated accounts for the Group, as Zhongrun International Mining Co. Ltd continues to hold approximately 79.5% of the enlarged share capital of the Company, and Zhongrun Resources Investment Corporation ("Zhongrun") continues as the ultimate controlling entity. Zhongrun's accounts continue to be prepared under Chinese GAAP, and have been filed along with the Company accounts at Companies House in accordance with the Companies Act 2006.

Going concern
The Company has a net current liability of £0.02 million (2021: £0.05 million) and net liability of £57.90 million (2021: £47.30 million) at the year ended 31 December 2022, and fully relies on its ultimate parent's financial support. The directors considered available funding facilities, and concluded that the Company has sufficient resource for next 12 months from the date of signing these financial statements. The financial statements are therefore prepared on a going concern basis, without reflecting the material uncertainty existence that may cast significant doubt on the company's ability to continue as a going concern.

continued...

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. The Company's financial liabilities include trade payables, other payables and derivative financial instruments.

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

All borrowings and overdrafts are recorded at the amount of the proceeds received, net of direct issue costs. Finance charges are charged to the income statement on an accruals basis using the effective interest rate method.

Other Financial liabilities

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit and loss included within "finance costs" or "finance income".

Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

continued...

2. ACCOUNTING POLICIES - continued

Taxation

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Interest income

Interest revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Investments in subsidiaries

The Company recognises its investments in subsidiaries at cost, less any provision for impairment. Differences arising from changes in fair values of intercompany loans receivable at below market rates of interest are treated as an increase in the investment in the subsidiary.

continued...

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Impairment of investment in subsidiaries
The company is an investment holding company and due to the nature of its operations, the critical accounting estimates and judgements relate to the carrying value of its investments and the assumptions used in supporting the value of the investment.

The carrying value of subsidiaries is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment exists when the carrying value of subsidiaries exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from internal budgets and do not include significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounting cash flow model as well as the expected future cash inflows. Main assumptions involved current market quotations from technical suppliers and independent professional consultants who are well established in this industry. The directors perform impairment reviews on the carrying value of investments, this involves judgement and involves the use of estimates and assumptions, particularly in relation to future forecasts and events. As the result of the impairment review, the investment is fully impaired, see Note 9 in the notes to the financial statements.

4. EMPLOYEES AND DIRECTORS

	31.12.22	31.12.21
	£'000	£'000
Wages and salaries	-	21

The average number of employees during the year was as follows:

	31.12.22	31.12.21
Directors	5	4

The directors did not receive any remuneration in respect of their services to the company during the year ended 31 December 2022 (2021: £21,000).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.12.22	31.12.21
	£'000	£'000
Loan interest receivables	5,299	4,368

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.22	31.12.21
	£'000	£'000
Loan interest payables	3,791	3,889

continued...

7. (LOSS)/PROFIT BEFORE TAXATION

The loss before taxation (2021 - profit before taxation) is stated after charging/(crediting):

	31.12.22	31.12.21
	£'000	£'000
Auditors' remuneration	7	7
Other non- audit services	9	9
Foreign exchange differences	(6,501)	(521)

8. TAXATION

Analysis of tax expense
No liability to UK corporation tax arose for the year ended 31 December 2022 nor for the year ended 31 December 2021.

Factors affecting the tax expense
The tax assessed for the year is higher (2021 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.22	31.12.21
	£'000	£'000
(Loss)/profit before income tax	(10,606)	958
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(2,015)	182
Effects of:		
Deferred tax not recognised	2,015	-
Utilised against previous trading losses	-	(182)
Tax expense	-	-

The Company has an unrecognised deferred tax asset of £5.53 million (2021: £3.52 million). This has not been recognised in the financial statements due to uncertainty over the future income streams required from the potential asset to be recovered.

The rate of corporation tax throughout the year was 19%. The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

continued...

9. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2022 and 31 December 2022	465
PROVISIONS	
At 1 January 2022 and 31 December 2022	465
NET BOOK VALUE	
At 31 December 2022	-
At 31 December 2021	-

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Viso Gero International Inc *
Registered office: British Virgin Islands
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

Vatukoula Gold Pty Limited **
Registered office: Australia
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

Vatukoula Finance Pty Ltd **
Registered office: Australia
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

Vatukoula Australia Pty Ltd **
Registered office: Australia
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

continued...

9. **INVESTMENTS - continued**

Vatukoula Gold Mines Pte Limited ****
Registered office: Fiji
Nature of business: Gold Mine

	%
Class of shares:	holding
Ordinary	100.00

	31.12.22	31.12.21
	£'000	£'000
Aggregate capital and reserves	-	31,170
Loss for the year	-	(7,941)

Koula Mining Company Limited ***
Registered office: Fiji
Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Jubilee Mining Company Limited ***
Registered office: Fiji
Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

* This subsidiary was re-instated in 2020 and remain dormant.
** These subsidiaries were re-instated in 2021 and remain dormant.
*** These subsidiaries were re-instated in 2021 due to group restructure and remain dormant.
**** This subsidiary was re-instated in 2021 due to group restructure.

Investments in subsidiary companies are measured at cost, less accumulated provisions for impairments.

The directors have assessed that the investment in subsidiaries remain fully impaired at year end. The impairment was calculated based on the expected return from the subsidiary over the period that it is expected to make distributable profits.

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.22	31.12.21
	£'000	£'000
Unpaid share capital	500	500
Provision for bad debts	(500)	(500)

The Company previously funded its subsidiary Vatukoula Gold Mine Limited to support its operations in Fiji. During the year, additional loan from the Company is £3.01mil (2021: £nil). At year end, the outstanding loan of £129 million (2021: £110 million) is repayable on demand in US dollor. As a result of retranslating as at the balance sheet date, a realised foreign exchange loss of £13 million (2021: gain of £1.14 million) has been realised in the profit and loss account. The loan charges interest at 4.75% with effect from 1 July 2019, please refer to Note 5 interet received during the year. However, the loan balance has been fully impaired as at the balance sheet date on the basis of the Fiji subsidiaries' cash flow and trading position.

continued...

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£'000	£'000
Accrued expenses	16	48

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.22	31.12.21
	£'000	£'000
Amounts owed to group undertakings	57,887	47,249

The Company is funded by it immediate parent Zhongrun International Mining Co. Ltd. Included in the amount owed to group undertakings is the outstanding loan due to Zhongrun, bearing an interest charge at 4.75% per annum with effect from 1 July 2019, please refer to Note 6 interest payable during the year. This loan is repayable when the Company has sufficient cash flow.

13. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	31.12.22 £	31.12.21 £
345,255,339	Ordinary shares	0.01	3,452,554	3,452,554
345,255,339	Deferred shares	0.04	13,810,214	13,810,214
			17,262,768	17,262,768

The deferred shares carry no voting rights, and no rights to dividends.

14. COMMITMENTS AND CONTINGENCIES

The directors have confirmed that there were no contingent liabilities or capital commitments which should be disclosed at 31 December 2022.

15. RELATED PARTY DISCLOSURES

Apart from notes 10 and 12 disclosed the transactions with its fellow subsidiary and immediate parent, the Company deems key management personnel to be both the executive and non-executive directors. Remuneration paid to one director Mr Yingbin Ian He ended in 2022 Jan, thus no transactions between Dirtector He in 2022.

16. ULTIMATE CONTROLLING PARTY

The immediate parent company is Zhongrun International Mining Co. Ltd, who owns 79.5% of VGM's share capital.

The ultimate controlling entity is Zhongrun Resources Investment Corporation a Chinese incorporated company listed on the Shenzhen Stock Exchange.

There is no one ultimate controlling party.

GROUP PACKAGE ACCOUNTS TO BE FILED WITH VATUKOULA GOLD MINES LIMITED - CRN 05059077

Zhongrun Resources Investment Corporation

Audit Report and Financial Statements

Financial Year 2022

Zhongrun Resources Investment Corporation

Audit Report and Financial Statements

(January 1, 2022 – December 31, 2022)

Audit Report

BDO AR [2023] No. ZB10802

To all shareholders of Zhongrun Resources Investment Corporation:

1. Audit Opinion

We have audited the attached financial statements of Zhongrun Resources Investment Corporation (ZRC), including the Consolidated Balance Sheet (as of December 31, 2022), Balance Sheet of Parent Company (as of December 31, 2022), Consolidated Profit and Loss Statement of 2022, Profit and Loss Statement of Parent Company of 2022, Consolidated Cash Flow Statement of 2022, Cash Flow Statement of Parent Company of 2022, Consolidated Statement of Changes in Owner's Equity of 2022, Statement of Changes in Owner's Equity of Parent Company of 2022, and Notes to Financial Statement.

We believe that the attached financial statements were prepared in accordance with the requirements of the *Accounting Standards for Business Enterprises* in all material respects, and they have fairly reflected the financial positions of ZRC as of December 31, 2022 and the operating results and cash flow of ZRC in 2022, both on a consolidated basis and of the parent company.

2. Basis for Formation of Audit Opinions

We conducted the audit in accordance with the *Chinese Certified Public Accountant Auditing Standards.* The "CPA's Responsibility for Auditing Financial Statements" section of the audit report further elaborates our responsibilities under these standards. According to the *Code of Ethics for Chinese Certified Public Accountants,* we are independent of ZRC and fulfill other professional ethics duties. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for expressing audit opinions.

3. Key Audit Matters

The key audit matters are the matters that we believe are most important for the audit of the current financial statements based on professional judgment. The response to these matters is based on the overall audit of the financial statements and the formation of audit opinion. We do not comment on these matters separately.

We identified the following matters as key audit matters.

Key Audit Matters	Response in Audit
(1) Net realizable value of inventories	
Refer to the accounting policies stated in	The audit procedures performed by us for

note 11 of "III. Major accounting policies and accounting estimates followed by ZRC" and note 5 of "V. Notes to Items of Consolidated Financial Statement". As of December 31, 2022, the book balance of raw materials, work in process, products under development (hereinafter referred to as "inventories") of ZRC was RMB 213,324,300, the depreciation provision was RMB 25,074,800, and the book value was RMB 188,249,500, accounting for 10.96% of the total assets. The inventories are measured at the cost or the net realizable value, whichever is lower. As of the balance sheet date, the inventories depreciation provision was made based on the difference between the cost and the net realizable value of the inventories by type. Considering the purpose of holding the inventories, the management determines the net realizable value of inventories based on the estimated selling price less the costs and expenses to be incurred until completion, estimated selling costs, and relevant taxes. The estimated selling price is determined according to the contracted selling price, the market price of same or similar products, and other factors. Such process involves significant judgment and estimates by the management. In addition to the significant book value of inventory as of December 31, 2022, the estimation of future selling prices of the products under development involves inherent risks. The estimates and judgment used to calculate the net realizable value also involve the risk of management bias. As such, we have identified the evaluation of the net realizable value of the inventories of	evaluating the net realizable value of inventories include: (1) Understand the key internal control related to the net realizable value of inventories, evaluate the design of such control, determine if it is implemented, and test the operational effectiveness of the relevant internal control; (2) Review the management's forecast on the actual net realizable value of inventories and the actual operating results in previous years, evaluate the accuracy of management's forecast. (3) Obtain the calculations made by ZRC on the depreciation provision of inventories and test whether the management's calculation of the net realizable value of inventories is accurate; For real estate: (1) Locally observe the inventories on a sampling basis, and ask about the progress of these inventories and the total estimated development cost reflected in the latest forecasts for each item; (2) Perform sensitivity analysis to determine the extent to which such estimates result in a material misstatement of the development project, and consider the likelihood of such changes in key estimates and assumptions, as well as the potential management bias; For gold mine: (1) Obtain the selling price in open market, independently query the price information in the open market, and compare it with the estimated selling price; (2) By inventories supervision, check whether any item of the closing inventories has long account age, outdated model, and other problems, and evaluate whether the management has reasonably estimated the net realizable value.

ZRC as a key audit matter.	
(2) Evaluation of Going Concern (Way of Borrowing)	
Refer to section 2 "Going Concern" in Note II "Basis for Preparation of Financial Statements" and (19), (25), (27) in "V. Notes to Consolidated Financial Statements". As of December 31, 2022, the balance of current liabilities in the Consolidated Balance Sheet of ZRC was RMB 915,654,500, which was RMB 529,502,800 higher than the current assets, The accumulated loss was RMB 389,367,800. The management believes that ZRC will have sufficient financial resources, including net cash inflows from operating activities and financing activities, and fulfill its financial responsibilities due in the foreseeable future. The management has confirmed preliminarily with the main cooperative banks and institutions that the bank loans issued by them to be expire in the future 12 months will be extended. The evaluation of going concern is based on the expectations and estimates made by the management, which may be influenced by the economic factors beyond the management's control. The estimates are based on several assumptions, including the forecasts of the future development of economy and market. As expected events often do not occur as expected and unforeseen circumstances might occur, the actual cash flow may vary from what we forecast. Therefore we identify the evaluation of going concern as a key audit event.	In order to evaluate the evaluations made by the management, we implemented (among others) the following procedures for the cash flow forecast in the next 12 months from December 31, 2022 to evaluate its several main assumptions: (1) Evaluate the management's evaluations and discuss with the management any matters and conditions that may lead to significant doubts about the entity's ability to continue as a going concern; (2) For the forecast of cash flows of ZRC in the next 12 months made by the management, we analyzed and evaluated the relevant data based on the financial performance, forecast and development plan of ZRC in previous years, and evaluated whether the key assumptions taken in the cash flow forecast (such as future sales, success of extension of bank loans and commitments to capital expenditure) are adequately supported; (3) Checked the new bank loans issued after the date of this audit report; (4) Comprehensively evaluated the adequacy of the disclosure in the notes to financial statements.

4. Additional Information

The management of ZRC is responsible for additional information. Additional information includes the information covered in 2022 annual report of ZRC, but does not include the financial statements and our audit report.

Our audit opinions expressed on the financial statements do not cover additional information and we do not express any form of assurance conclusion on additional information.

In conjunction with our audit of the financial statements, our responsibility is to read additional information. In this process, we consider whether there is any significant inconsistency or other material misstatement with the financial statements or what we have learned during the audit process.

Based on the work we have performed, if we determine that there is a material misstatement in the additional information, we should report that fact. We have nothing to report in this regard.

5 Management and Governance' Responsibilities for Financial Statements

The management is responsible for preparing financial statements in accordance with the requirements of the *Accounting Standards for Business Enterprises* to enable them to achieve fair reflection, and designing, implementing, and maintaining necessary internal controls so that there are no material misstatements due to fraud or errors in the financial statements.

In the preparation of the financial statements, the management is responsible for assessing ZRC's ability to continue as a going concern, disclosing issues related to going-concern (if applicable), and applying the going concern assumption unless the management plans to liquidate ZRC, cease operations or has no other realistic options.

The governance is responsible for overseeing the financial reporting process of ZRC.

6 Auditor's Responsibility for Audited Financial Statements

Our objective is to obtain reasonable assurance as to whether the entire financial statements are free from material misstatement due to fraud or error and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee that in an audit performed in accordance with auditing standards, the major misstatement can always be discovered when it exists. Misstatement may be caused by fraud or error, and if as reasonably expected, a misstatement, along or with other information, may affect the economic decision made by the users of financial statements based on the financial statements, such misstatement is generally considered to be material.

In the process of conducting the audit work in accordance with auditing standards, we use professional judgment and maintain professional suspicion.

At the same time, we also perform the following tasks:

(1). Identify and assess the risk of material misstatement of financial statements due to fraud or errors, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence as a basis for issuing audit opinions. Since fraud may involve collusion, falsification, intentional omission, misrepresentation or override of internal controls, the risk of failing to detect a material misstatement due to fraud is higher than the risk of failure to detect a material misstatement due to an error.

(2). Understand audit-related internal controls to design appropriate audit procedures.

(3). Evaluate the appropriateness of the accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.

(4). Draw conclusions on the appropriateness of the management's use of the going-concern assumption. Based on the audit evidence obtained, give conclusions as to whether there are significant uncertainties in the matters or circumstances that have significant doubts about the sustainability of ZRC. If we conclude that there are significant uncertainties, the auditing standards require us to request the users of the report to pay attention to the relevant disclosures in the financial statements in the audit report; if the disclosure is not sufficient, we should express non-unqualified opinions. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may result in the inability of ZRC to continue operating.

(5). Evaluate the overall presentation (including disclosure), structure, and content of the financial statements and evaluate whether the financial statements fairly reflect the relevant transactions and events.

(6). Obtain adequate and appropriate audit evidence on the financial information of entities or business activities of ZRC to express audit opinion on the consolidated financial statements. We are responsible for guiding, supervising and implementing the group audit and assume full responsibility for the audit opinion.

We communicate with the governance on the planned audit scope, timing, and major audit findings, including communication of the internal control deficiencies that we identified during the audit.

We also provide a statement to the management on compliance with ethical requirements related to independence and communicate with the management on all relationships and other matters that may reasonably be considered to affect our independence, as well as related preventive measures (if applicable).

From the matters communicated with the governance, we determine which items are most important for the audit of the financial statements of the current period and thus constitute the key audit matters. We describe these matters in our audit report, unless laws and regulations prohibit the public disclosure of these matters, or in rare cases, if it is reasonably expected that the negative consequences of communicating something in the audit report will outweigh the benefits in the public interest, we determine that the matter should not be communicated in the audit report.

BDO China ShuLun Pan CPA (Special General Partnership)	**Certified public accountant of China: (Project Partner)**
	Certified public accountant of China:
Shanghai • China	**April 26, 2023**

Zhongrun Resources Investment Corporation
Consolidated Balance Sheet
As of December 31, 2022
(All amounts are expressed in RMB unless otherwise specified.)

Assets	Note 5	Closing Balance	Closing Balance of last year
Current assets:			
Monetary funds	(1)	7,820,816.47	10,169,290.45
Cash reserves for settlement			
Lending funds			
Trading financial assets			
Derivative financial assets			
Notes receivable			
Account receivable	(2)	17,765,576.69	4,982,210.81
Receivables financing			
Prepayment	(3)	14,836,829.20	15,612,051.10
Premium receivable			
Reinsurance premium receivable			
Provision of cession receivable			
Other receivables	(4)	113,165,794.74	39,411,484.35
Redemptory financial assets for sale			
Inventories	(5)	188,249,472.60	180,454,315.85
Contractual assets	(6)	1,964,786.17	5,873,761.45
Assets held for sale	(7)		80,503,641.09
Non-current assets due within one year	(8)	4,013,288.89	4,013,288.89
Other current assets	(9)	38,335,139.01	31,907,315.90
Total of current assets		386,151,703.77	372,927,359.89
Non-current assets:			
Issued loan and advances			
Debt investment			
Other debt investment			
Long-term receivable			
Long-term equity investment	(10)	47,583,622.67	42,125,448.90
Other equity instrument investment	(11)	2,312,324.98	3,753,452.39
Other non-current financial assets			
Investment property	(12)	614,872,729.40	633,962,190.94
Fixed assets	(13)	527,888,839.78	429,876,408.26
Construction in progress	(14)	20,272,999.22	85,106,184.84
Productive biological assets			
Oil and gas assets			
Right of use assets	(15)	13,095,993.39	10,906,866.37
Intangible assets	(16)	61,950,095.73	68,396,015.55
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets	(17)	35,344,085.55	31,118,613.94
Other non-current assets	(18)	8,227,675.38	9,852,483.82
Total non-current assets		1,331,548,366.10	1,315,097,665.01
Total assets		1,717,700,069.87	1,688,025,024.90

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation
Consolidated Balance Sheet (continued)
As of December 31, 2022
(All amounts are expressed in RMB unless otherwise specified.)

Liabilities and Owner's Equity	Note 5	Closing Balance	Closing Balance of last year
Current liabilities:			
Short-term borrowings	(19)	280,284,411.94	92,191,998.89
Borrowings from central bank			
Borrowing funds			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	(20)	124,149,212.88	149,149,790.24
Advances received	(21)	2,082,600.00	1,628,669.92
Contractual liabilities	(22)	71,646,223.97	58,266,883.22
Financial assets sold for repurchase			
Deposit from customers and other banks			
Acting trading securities			
Acting underwriting securities			
Payroll payable	(23)	17,452,045.27	20,901,283.55
Tax payable	(24)	2,869,617.25	1,948,700.17
Other payables	(25)	350,742,116.30	427,508,649.93
Handling charge and commission payable			
Reinsurance premium payable			
Held-for-sale liabilities	(26)		49,340,252.36
Non-current liabilities due within one year	(27)	66,428,280.23	452,025,562.20
Other current liabilities			
Total current liabilities		915,654,507.84	1,252,961,790.48
Non-current liabilities:			
Provision for insurance contracts			
Long-term borrowings			
Bonds payables			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	(28)	10,714,462.32	3,306,727.26
Long-term account payable			
Long-term payroll payable	(29)	1,347,398.18	1,351,796.32
Estimated liabilities	(30)	45,655,752.10	26,150,702.71
Deferred income			
Deferred income tax liabilities	(17)	2,435,877.79	2,719,006.33
Other non-current liabilities	(31)	69,750,219.02	
Total non-current liabilities		129,903,709.41	33,528,232.62
Total liabilities		1,045,558,217.25	1,286,490,023.10
Owner's equity:			
Share capital	(32)	929,017,761.00	929,017,761.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	(33)	51,259,534.18	51,259,534.18
Less: Treasury stock			
Other comprehensive income	(34)	-26,501,749.88	-41,201,573.81
Special reserves	(35)		13,921.38
Surplus reserve	(36)	77,898,985.76	77,898,985.76
General Risk Reserve			
Undistributed profit	(37)	-389,367,822.71	-642,365,025.62
Total owner's equity attributable to the parent company		642,306,708.35	374,623,602.89
Non-controlling interest		29,835,144.27	26,911,398.91
Total owner's equity		672,141,852.62	401,535,001.80
Total liabilities and owner's equity		1,717,700,069.87	1,688,025,024.90

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation
Balance Sheet of Parent Company
As of December 31, 2022
(All amounts are expressed in RMB unless otherwise specified.)

Assets	Note 14	Closing Balance	Closing Balance of last year
Current assets:			
Monetary funds		240,909.18	147,888.89
Trading financial assets			
Derivative financial assets			
Notes receivable			
Account receivable			
Accounts receivable financing			
Prepayment			148,643.34
Other receivables	(1)	393,530,445.92	424,614,820.09
Inventories			
Contractual assets			
Assets held for sale			
Non-current assets due within one year		4,013,288.89	4,013,288.89
Other current assets		1,367,454.74	2,173,888.14
Total current assets		399,152,098.73	431,098,529.35
Non-current assets:			
Debt investment			
Other debt investment			
Long-term accounts receivable			
Long-term equity investment	(2)	1,043,821,197.01	1,043,821,197.01
Other equity instrument investment			
Other non-current financial assets			
Investment property		125,216,732.37	130,288,807.29
Fixed assets		214,092.08	182,768.15
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right of use assets		10,306,335.05	7,976,741.33
Intangible assets		67,393.66	123,324.70
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		1,179,625,750.17	1,182,392,838.48
Total assets		1,578,777,848.90	1,613,491,367.83

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation
Balance Sheet of Parent Company (continued)
As of December 31, 2022
(All amounts are expressed in RMB unless otherwise specified.)

Liabilities and Owner's Equity	Note	Closing Balance	Closing Balance of last year
Current liabilities:			
Short-term borrowings		280,284,411.94	92,191,998.89
Trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Advance received		133,216.04	
Contractual liabilities			
Payroll payable		4,182,019.11	5,758,243.12
Tax payable		382,815.46	406,016.26
Other accounts payable		352,008,267.12	434,717,326.61
Available-for-sale liabilities			
Non-current liabilities due within one year		66,209,849.72	451,820,366.17
Other current liabilities			
Total current liabilities		703,200,579.39	984,893,951.05
Non-current liabilities:			
Long-term borrowings			
Bonds payables			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		7,994,184.40	401,001.44
Long-term payable			
Long-term payroll payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		7,994,184.40	401,001.44
Total liabilities		711,194,763.79	985,294,952.49
Owner's equity:			
Share capital		929,017,761.00	929,017,761.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		125,422,801.02	125,422,801.02
Less: Treasury stock			
Other comprehensive income			
Special reserve			
Surplus statutory reserve		65,431,085.56	65,431,085.56
Undistributed profit		-252,288,562.47	-491,675,232.24
Total owner's equity		867,583,085.11	628,196,415.34
Total liabilities and owner's equity		1,578,777,848.90	1,613,491,367.83

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation
Consolidated Profit and Loss Statement
Financial Year 2022
(All amounts are expressed in RMB unless otherwise specified.)

Item	Note 5	This Period	Last Period
I. Turnover		277,149,195.90	906,438,329.02
Including: Operating income	(38)	277,149,195.90	906,438,329.02
Interest income			
Earned insurance premium			
Handling fee and commission income			
II. Total Operating Cost		387,586,957.51	1,007,411,874.17
Including: Operating cost	(38)	294,292,806.02	798,392,479.32
Interest expense			
Handling fee and commission expenses			
Surrender value			
Ney payments for insurance claims			
Net provision for insurance contracts			
Payment of dividend to policyholder			
Reinsurance expense			
Tax and surcharges	(39)	12,965,584.65	19,436,570.43
Sales expense	(40)	1,913,926.28	15,969,354.48
Administrative expense	(41)	81,159,957.64	96,942,245.70
R&D expenses			
Financial expense	(42)	-2,745,317.08	76,671,224.24
Including: Interest expenses		42,832,888.00	68,578,038.13
Interest income		105,743.28	935,590.65
Plus: Other income	(43)	1,121,492.16	37,140.48
Investment income (indicate the loss with '-')	(44)	413,310,967.33	1,633,943.68
Including: Investment in joint-venture and cooperative enterprises		3,689,065.91	1,633,943.68
Gain on derecognized financial assets measured at amortized cost			
Exchange earnings (indicate the loss with '-')			
Net gain on exposure hedging (indicate the loss with '-')			
Gains from changes in fair value (indicate the loss with '-')			
Credit impairment loss (indicate the loss with '-')	(45)	-66,427,238.31	9,857,074.53
Asset impairment loss (indicate the loss with '-')	(46)	904,274.59	-16,130,223.23
Asset disposal income (indicate the loss with '-')	(47)	-801,409.61	158,205.60
III. Operating profit (indicate the loss with '-')		237,670,324.55	-105,417,404.09
Plus: Non-operating income	(48)	567,582.70	240,300.00
Less: Non-operating expense	(49)	19,902,440.62	21,726,075.51
IV. Total profit (indicate total loss with '-')		218,335,466.63	-126,903,179.60
Less: Income tax expenses	(50)	-4,508,600.15	10,342,320.26
V. Net profit (indicate total loss with '-')		222,844,066.78	-137,245,499.86
1. By operation continuity			
(1) net profit of continued operation (indicate net loss with '-')		222,844,066.78	-137,245,499.86
(2) net profit of discontinued operation (indicate net loss with '-')			
2. By ownership			
(1) Net profit attributable to the owners of parent company (indicate net loss with '-')		252,997,202.91	-129,106,677.83

Item	Note 5	This Period	Last Period
(2) Minority shareholders' profit (indicate the net loss with '-')		-30,153,136.13	-8,138,822.03
VI. Other after tax comprehensive income		22,170,176.79	-34,857,566.52
Other after tax comprehensive income attributable to the owners of parent company		14,699,823.93	-30,934,009.62
1. Other comprehensive income that cannot be subsequently re-classified as profit and loss		-1,441,127.41	-1,618,455.04
(1). Re-measured changes in the defined benefit plan			
(2). Other comprehensive income that cannot be re-classified as profit and loss under the equity method			
(3). Fair value changes in other equity instrument investment		-1,441,127.41	-1,618,455.04
(4). Fair value changes in credit risk of the company			
2. Other comprehensive income that will be subsequently re-classified as profit and loss		16,140,951.34	-29,315,554.58
(1). Other comprehensive income to be subsequently re-classified as profit and loss under equity method			
(2). Fair value changes in other debt investment			
(3). Other comprehensive income recognized in the reclassification of the financial assets			
(4). Provision for credit impairment of other debt investment			
(5). Cash flow hedging reserve			
(6). Difference from translation of foreign currency financial statements		16,140,951.34	-29,315,554.58
(7). Others			
After-tax net amount of other comprehensive income attributable to minority shareholders		7,470,352.86	-3,923,556.90
VII. Total comprehensive income		245,014,243.57	-172,103,066.38
Total comprehensive income attributable to the owner of the parent company		267,697,026.84	-160,040,687.45
Total comprehensive income attributable to the minority shareholders		-22,682,783.27	-12,062,378.93
VIII. Earnings per share:			
(1) Basic earnings per share (yuan per share)	(51)	0.27	-0.14
(2) Diluted earnings per share (yuan per share)	(51)	0.27	-0.14

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation
Profit and Loss Statement of Parent Company
Financial Year 2022
(All amounts are expressed in Chinese yuan (RMB) unless otherwise specified.)

Item	Note 14	This Period	Last Period
I. Turnover	(3)	5,219,195.24	5,165,405.74
Less: Operating costs	(3)	4,108,552.20	4,108,552.20
Tax and surcharges		1,409,175.93	1,256,660.22
Sales expense			
Administrative expense		43,154,632.62	54,588,167.10
R&D expense			
Financial expense		-14,998,993.57	77,050,834.73
Including: Interest expense		32,123,698.55	65,770,497.84
Interest income		20,556.07	660,646.17
Plus: Other income		30,781.99	18,029.49
Investment income (indicate the loss with '-')	(4)	319,589,208.84	324,000,000.00
Including: Income from investment in joint-venture and cooperative enterprises			
Gains on derecognized financial assets measured at amortized cost			
Net gain on exposure hedging (indicate the loss with '-')			
Gains from changes in fair value (indicate the loss with '-')			
Credit impairment loss (indicate the loss with '-')		-51,527,953.56	11,330,619.66
Asset impairment loss (indicate the loss with '-')			
Asset disposal income (indicate the loss with '-')			
II. Operating profit (indicate the loss with '-')		239,637,865.33	203,509,840.64
Plus: Non-operating income		306,120.29	
Less: Non-operating expense		557,315.85	11,278,368.81
III. Total profit (indicate the loss with '-')		239,386,669.77	192,231,471.83
Less: Income tax expenses			
IV. Net profit (indicate the loss with '-')		239,386,669.77	192,231,471.83
(1) net profit of continued operation (indicate net loss with '-')		239,386,669.77	192,231,471.83
(2) net profit of discontinued operation (indicate net loss with '-')			
V. Other comprehensive income after tax			
1. Other comprehensive income that cannot be subsequently re-classified as profit and loss			
(1). Changes from re-measurement of defined benefit plan			
(2). Attributable share in other comprehensive income that cannot be re-classified as profit and loss under the equity method			
(3). Fair value changes in other equity instrument investment			
(4). Fair value changes in credit risk of the company			
2. Other comprehensive income that will be subsequently re-classified as profit and loss			
(1). Attributable share in other comprehensive income that will be subsequently re-classified as profit and loss under the equity method			
(2). Fair value changes in other debt investment			
(3). Other comprehensive income recognized in the			

Item	Note 14	This Period	Last Period
reclassification of the financial assets			
(4). Provision for credit impairment loss in other debt investment			
(5). Cash flow hedging reserve			
(6). Difference from translation of foreign currency financial statements			
(7). Others			
VI. Total comprehensive incomes		239,386,669.77	192,231,471.83
VII. Earnings per share:			
1. Basic earnings per share (yuan per share)			
2. Diluted earnings per share (yuan per share)			

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation
Consolidated Cash Flow Statement
Financial Year 2022
(All amounts are expressed in Chinese yuan (RMB) unless otherwise specified.)

Item	Note 5	This Period	Last Period
I. Cash flow from operating activities			
Cash received from sale of goods and services		243,539,825.92	484,272,028.19
Net increase in customer's deposits and deposits from other banks			
Net increase in borrowing funds from central bank			
Net increase in borrowing funds from other financial institutions			
Cash from the premiums of original insurance contract			
Net cash from reinsurance business			
Net increase in insurance's deposits and investment funds			
Cash from interest payment, handling change and commission			
Net increase in borrowing funds			
Net increase in buy-back funds			
Net cash received from acting trading securities			
Tax refunds received		18,055,309.31	38,821,432.44
Other cash received related to operating activities	(52)	42,950,425.60	52,906,076.21
Total cash inflow from operating activities		304,545,560.83	575,999,536.84
Cash paid for purchase of goods and services		191,131,169.99	246,166,903.69
Net increase in customer lending and advance in cash			
Net increase in deposits in central bank and interbank deposits			
Cash to pay insurance compensation under the original insurance contract			
Net increase in lending funds			
Cash to pay the interest, handling change and commission			
Cash to pay policy dividend			
Cash paid to/for staff members		119,412,707.53	122,082,824.35
Taxes paid		13,215,645.96	36,767,767.97
Cash paid related to other operating activities	(52)	97,300,595.41	116,564,009.83
Subtotal cash outflow from operating activities		421,060,118.89	521,581,505.84
Net cash flow from operating activities		-116,514,558.06	54,418,031.00
II. Cash flow from investing activities			
Cash received from payback of investment			25,000,000.00
Cash received from investment earnings			1,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		350.00	176,865.02
Net cash received from disposal of subsidiaries and other business units		212,086,603.54	
Other cash received related to investment activities	(52)	145,237,801.28	
Total cash inflow in investing activities		357,324,754.82	26,176,865.02
Cash paid to purchase fixed assets intangible assets or other long-term assets		35,064,045.54	68,968,556.07
Cash paid for investment			61,607.63
Net increase in pledge loan			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid related to investment activities			
Total cash outflow in investment activities		35,064,045.54	69,030,163.70
Net cash flow from investing activities		322,260,709.28	-42,853,298.68

Item	Note 5	This Period	Last Period
III. Cash flow from financing activities			
Cash received from paid-in investment			
Including: Cash received from the investment in subsidiaries by minority shareholders			
Cash received from loans		480,000,000.00	92,000,000.00
Other cash received related to financing activities	(52)	128,531,728.25	26,738,990.13
Total cash inflow in financing activities		608,531,728.25	118,738,990.13
Cash repayments of borrowings		537,000,000.00	105,449,734.43
Cash paid for distribution of dividends and profits or payment of interests		35,007,116.13	64,318,048.32
Including: Dividends and profits paid by the subsidiaries to minority shareholders			
Other cash paid related to financing activities	(52)	244,850,782.60	48,101,769.77
Total cash outflow in financing activities		816,857,898.73	217,869,552.52
Net cash flow from financing activities		-208,326,170.48	-99,130,562.39
IV. Effects of changes in exchange rate on cash and cash equivalents		2,585,942.81	-643,908.89
V. Net increase in cash and cash equivalents		5,923.55	-88,209,738.96
Plus: Opening balance of cash and cash equivalents		4,252,902.85	92,462,641.81
VI. Balance of cash and cash equivalents		4,258,826.40	4,252,902.85

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation
Cash Flow Statement of Parent Company
Financial Year 2022
(All amounts are expressed in Chinese yuan (RMB) unless otherwise specified.)

Item	Note	This Period	Last Period
I. Cash flow from operating activities			
Cash received from sale of goods and services		561,783.00	250,000.00
Tax refunds received		2,073,577.15	935,847.12
Other cash received related to operating activities		217,720,411.86	3,512,261.42
Subtotal of cash inflow from operating activities		220,355,772.01	4,698,108.54
Cash paid for purchase of goods and services			
Cash paid to/for staff members		14,890,156.67	11,348,119.51
Taxes paid		1,430,385.05	1,244,881.66
Cash paid related to other operating activities		129,280,108.36	11,716,797.72
Subtotal of cash outflow from operating activities		145,600,650.08	24,309,798.89
Net cash flow from operating activities		74,755,121.93	-19,611,690.35
II. Cash flow from investing activities			
Cash received from payback of investment		212,087,443.35	25,000,000.00
Cash received from investment earnings			1,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		350.00	
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investment activities			
Subtotal of cash outflow in investment activities		212,087,793.35	26,000,000.00
Cash paid to purchase fixed assets, intangible assets or other long-term assets		73,807.36	17,510.00
Cash paid for investment			
Net cash received from subsidiaries and other business units			
Other cash paid related to investment activities			
Subtotal of cash outflow in investment activities		73,807.36	17,510.00
Net cash flow from investing activities		212,013,985.99	25,982,490.00
III. Cash flow from financing activities			
Cash received from paid-in investment			
Cash received from loans		480,000,000.00	92,000,000.00
Other cash received related to financing activities		23,500,000.00	61,390,577.81
Total cash inflow in financing activities		503,500,000.00	153,390,577.81
Cash repayments of borrowings		537,000,000.00	97,000,000.00
Cash paid for distribution of dividends and profits or payment of interests		35,007,116.13	29,608,139.58
Other cash paid related to financing activities		218,220,167.87	33,145,958.58
Total cash outflow in financing activities		790,227,284.00	159,754,098.16
Net cash flow from financing activities		-286,727,284.00	-6,363,520.35
IV. Effects of changes in exchange rate on cash and cash equivalents		5.54	-2.39
V. Net increase in cash and cash equivalents		41,829.46	7,276.91
Plus: Opening balance of cash and cash equivalents		12,282.80	5,005.89
VI. Balance of cash and cash equivalents		54,112.26	12,282.80

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation
Consolidated Statement of Changes in Owner's Equity (Financial Year 2022)
(All amounts are expressed in Chinese yuan (RMB) unless otherwise specified.)

Item	This Period													
	Owner's equity attributable to the parent company												Non-controlling Interest	Total Owner's Equity
	Share Capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special Reserve	Surplus Reserves	General Risk Reserve	Undistributed Profit	Subtotal		
		Preferred Shares	Perpetual Bonds	Other										
I. Closing balance of last year	929,017,761.00				51,259,534.18		-41,201,573.81	13,921.38	77,898,985.76		-642,365,025.62	374,623,602.89	26,911,398.91	401,535,001.80
Plus: Changes in accounting policies														
Correction of errors in previous period														
Business combination under common control														
Others														
II. Opening balance of current year	929,017,761.00				51,259,534.18		-41,201,573.81	13,921.38	77,898,985.76		-642,365,025.62	374,623,602.89	26,911,398.91	401,535,001.80
III. Changes in amount incurred in current period (indicate the decrease with '-')							14,699,823.93	-13,921.38			252,997,202.91	267,683,105.46	2,923,745.36	270,606,850.82
1. Total comprehensive income							14,699,823.93				252,997,202.91	267,697,026.84	-22,682,783.27	245,014,243.57
2. Changes in the capital contributed by owners								-13,921.38				-13,921.38	25,606,528.63	25,592,607.25
1)Common shares invested by shareholders														
2) Capital invested by the holders of other comprehensive instruments														
3)Amount of share-based payment listed as the Owner's equity														
4) Other								-13,921.38				-13,921.38	25,606,528.63	25,592,607.25
3. Profit distribution														
1) Appropriation of surplus reserves														
2) Appropriation of the general risk reserve														
3) Profit distributed to the Owners (or shareholders)														
4). Others														
4. Transfer within the owner's equity														
1). Transfer of capital reserve to share capital														
2). Transfer of surplus reserve to share capital														
3). Surplus reserve to cover the deficit														
4). Retained earnings carried forward from changes of the defined benefit plan														
5). Retained earnings carried forward from other comprehensive income														
6). Others														
5. Special reserves														
1) Reserves withdrawn in current period														
2) Utilised in current period														
6. Others														
IV Closing balance of current period	929,017,761.00				51,259,534.18		-26,501,749.88		77,898,985.76		-389,367,822.71	642,306,708.35	29,835,144.27	672,141,852.62

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation

Consolidated Statement of Changes in Owner's Equity Financial Year 2022 (Continued)

(All amounts are expressed in Chinese yuan (RMB) unless otherwise specified.)

Item	Last Period													
	Owner's equity attributable to the parent company												Non-controlling Interest	Total Owner's Equity
	Share Capital	Other Equity instruments			Capital Reserve	Less: Treasury stock	Other Comprehensive Income	Special Reserves	Surplus Reserves	General Risk Reserve	Undistributed Profit	Subtotal		
		Preferred Shares	Perpetual Bonds	Other										
I Closing balance of last year	929,017,761.00				51,259,534.18		10,055,556.23	13,921.38	77,898,985.76		-20,409,590.01	1,047,836,168.54	46,102,797.80	1,093,938,966.34
Plus: Changes in accounting policies														
Correction of errors in previous period														
Business combination under common control														
Other														
II Opening balance of current year	929,017,761.00				51,259,534.18		10,055,556.23	13,921.38	77,898,985.76		-20,409,590.01	1,047,836,168.54	46,102,797.80	1,093,938,966.34
III Changes in amount incurred in current period (indicate the decrease with '-')							-20,323,120.42				-492,848,757.78	-513,171,878.20	-7,129,019.96	-520,300,898.16
1 Total comprehensive income							-20,323,120.42				-492,848,757.78	-513,171,878.20	5,553,605.44	-507,618,272.76
2 Changes in the capital contributed by owners													-12,682,625.40	-12,682,625.40
1)Common shares invested by shareholders														
2) Capital invested by the holders of other comprehensive instruments														
3) Amount of share-based payment listed as the Owner's equity														
4) Other													-12,682,625.40	-12,682,625.40
3 Profit distribution														
1)Appropriation of surplus reserves														
2)Appropriation of the general risk reserve														
3) Profit distributed to the owners (or shareholders)														
4) Other														
4 Transfer within the owner's equity														
1). Transfer of capital reserves to share capital														
2). Transfer of surplus reserves to share capital														
3). Surplus reserves to cover the deficit														
4). Retained earnings carried forward from changes of the defined benefit plan														
5) Retained earnings carried forward from other comprehensive income														
6). Other														
5 Special reserves														
1) Reserves withdrawn in current period														
2) Utilised in current period														
6 Other														
IV Closing balance	929,017,761.00				51,259,534.18		-10,267,564.19	13,921.38	77,898,985.76		-513,258,347.79	534,664,290.34	38,973,777.84	573,638,068.18

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation
Statement of Changes in Owner's Equity of Parent Company
Financial Year 2022
(All amounts are expressed in Chinese yuan (RMB) unless otherwise specified.)

Item	This Period										
	Share Capital	Other equity instruments			Capital Reserve	Less: Treasury stock	Other Comprehensive Income	Special Reserves	Surplus Reserves	Undistributed Profit	Total Owner's Equity
		Preferred Shares	Perpetual Bonds	Other							
I. Closing balance of last year	929,017,761.00				125,422,801.02				65,431,085.56	-491,675,232.24	628,196,415.34
Plus: Changes in accounting policies											
Correction of errors in previous period											
Miscellaneous											
II. Opening balance of current year	929,017,761.00				125,422,801.02				65,431,085.56	-491,675,232.24	628,196,415.34
III. Changes in amount incurred in current period (indicate the decrease with'-')										239,386,669.77	239,386,669.77
1. Total comprehensive income										239,386,669.77	239,386,669.77
2 Changes in the capital contributed by owners											
1)Common shares invested by shareholders											
2) Capital invested by the holders of other comprehensive instruments											
3). Amount of share-based payment listed as the Owner's equity											
4) Other											
3. Profit distribution											
1)Appropriation of surplus reserves											
2) Profit distributed to the owners (or shareholders)											
3) Other											
4 Transfer within the owner's equity											
1). Transfer of capital reserves to share capital											
2). Transfer of surplus reserves to share capital											
3). Surplus reserves to cover the deficit											
4). Retained earnings carried forward from changes of the defined benefit plan											
5). Retained earnings carried forward from other comprehensive income											
6). Other											
5. Special reserves											
1) Reserves withdrawn in current period											
2) Utilised in current period											
6 Other											
IV Closing balance	929,017,761.00				125,422,801.02				65,431,085.56	-252,288,562.47	867,583,085.11

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation
Statement of Changes in Owner's Equity of Parent Company Financial Year 2022 (Continued)
(All amounts are expressed in Chinese yuan (RMB) unless otherwise specified.)

Item	Last Period										
	Share Capital	Other equity instruments			Capital Reserve	Less: Treasury stock	Other Comprehensive Income	Special Reserves	Surplus Reserves	Undistributed Profit	Total Owner's Equity
		Preferred Shares	Perpetual Bonds	Other							
I. Closing balance of last year	929,017,761.00				155,822,801.02				65,431,085.56	-683,906,704.07	466,364,943.51
Plus: Changes in accounting policies											
Correction of errors in previous period											
Others											
II. Opening balance of current year	929,017,761.00				155,822,801.02				65,431,085.56	-683,906,704.07	466,364,943.51
III. Changes in amount incurred in current period (indicate the decrease with'-')					-30,400,000.00					192,231,471.83	161,831,471.83
1. Total comprehensive income										192,231,471.83	192,231,471.83
2 Changes in the capital contributed by owners											
1)Common shares invested by shareholders											
2) Capital invested by the holders of other comprehensive instruments											
3). Amount of share-based payment listed as the owner's equity											
4) Other											
3. Profit distribution											
1)Appropriation of surplus reserves											
2) Profit distributed to the owners (or shareholders)											
3) Others											
4. Transfer within the owner's equity											
1). Transfer of capital reserves to share capital											
2). Transfer of surplus											

Item	Last Period: Share Capital	Other equity instruments: Preferred Shares	Other equity instruments: Perpetual Bonds	Other equity instruments: Other	Capital Reserve	Less: Treasury stock	Other Comprehensive Income	Special Reserves	Surplus Reserves	Undistributed Profit	Total Owner's Equity
reserves to share capital											
3). Surplus reserves to cover the deficit											
4). Retained earnings carried forward from changes of the defined benefit plan											
5) Retained earnings carried forward from other comprehensive income											
5). Other											
5. Special reserves											
1) Reserves withdrawn in current period											
2) Utilised in current period											
6 Miscellaneous					-30,400,000.00						-30,400,000.00
IV. Closing Balance	929,017,761.00				125,422,801.02				65,431,085.56	-491,675,232.24	628,196,415.34

The attached notes constitute part of the financial statement.

Legal Representative: CFO: Financial Manager:

Zhongrun Resources Investment Corporation
Notes to Financial Statements
Financial Year 2022

(All amounts expressed in RMB unless otherwise stated)

I. Fast Facts about the Company

1. Company Overview

Zhongrun Resources Investment Corporation (the Company hereinafter) was formerly known as Shandong Zhongrun Investment Holding Group Co. Ltd. (hereinafter referred to as Zhongrun Holding), Zhongrun Holding was formerly known as Shandong Huibang Real Estate Co., Ltd. (hereinafter referred to as Huibang Real Estate), Huibang Real Estate was formerly known as Sichuan Dongtai Industry (Holding) Co., Ltd. (hereinafter deterred to as Douglas Holding), and Dongtai Holding was formerly known as Sichuan Emei Group Co., Ltd. (hereinafter referred to as Emei Group). According to the *Approval on Application for Establishing Sichuan Emeishan Salt Industry (Group) Co., Ltd.* (CJJ (1998) Enterprise No. 396) issued by the former Sichuan Provincial Planning and Economic Committee and the *Reply on the Establishment of Sichuan Emeishan Salt Industry (Group) Co., Ltd.* ((88) QJZ No. 38) issued by the former Ministry of Light Industry, Sichuan Emeishan Salt Industry (Group) Co., Ltd. was jointly founded by the former Sichuan Wutongqiao Salt Factory, an enterprise owned by the whole people, China Huaqing Industrial Company, China Light Industry Material Supply and Marketing Corporation, China National Salt Industry Corporation and Sichuan Salt Industry Co., Ltd. On May 11, 1988, Sichuan Emeishan Salt Industry (Group) Co., Ltd. was given the Business License for Enterprise Legal Person, with the license registration number of 91370000206951100B. On March 12, 1993, Sichuan Emeishan Salt Industry (Group) Co., Ltd. was listed on Shenzhen Stock Exchange as an enterprise specializing in mineral resources and real estate according to the *Reply on the Public Listing Application of Sichuan Emeishan Salt Industry (Group) Co., Ltd.* (ZJFZ [1993] No. 11) issued by China Securities Regulatory Commission.

As of Dec. 31, 2022, the up-to-date registration data is as follows: the total number of shares is 929,017,761, the registered capital is 929,017,761 Chinese yuan, the registered address is Building 17, Zhongrun Century Plaza, No.13777 Jingshi Road, Jinan City, Shandong Province, China, and the business scope covers real estate and exploration of mineral resources.

As of Dec. 31, 2022, the controlling shareholder of the Company was Ningbo RanshengShengyuan Investment Management Partnership (Limited Partnership) (RanShengShengyuan hereinafter) and Mr. Guo Changwei was the actual controller of the Company.

These financial statements were approved by the Board of Directors of the Company on April 26, 2023.

2. Scope of Consolidated Financial Statements

For the details of ZRC subsidiaries, refer to "VII. Equity in Other Entities" in these notes.

The changes in the scope of consolidation in this accounting period are described in "VI. Changes in Consolidation Scope" in these notes.

II. Basis for preparing the financial statements

1. Basis of preparation

The financial statements of ZRC are prepared in accordance with the relevant provisions in the *Accounting Standards for business* Enterprises – *Basic Standards,* specific accounting standards and subsequent *Application Guide to Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises* and other related accounting regulations (hereinafter referred to as *Accounting Standards for Business Enterprises* collectively) promulgated by the ministry of Finance, the stipulations on information disclosure under *No.15 of Compilation Rules on Information Disclosure by the Companies Offering Securities to the Public — General Provisions on Financial Reports* promulgated by CSRC.

2. Going-concern ability

The financial statements are prepared on a going-concern basis.

As of December 31, 2022, the balance of current liabilities of the Company was RMB 915,654,500, which was RMB 529,502,800 higher than the current assets, and the accumulated loss was RMB 389,367,800. Some debts have become overdue. The Company faces relatively large pressure for debt repayment and relatively high liquidity risks in short-term future. The Company mainly takes the following measures to ensure its ability of operating as a going concern.

(1). Borrowing of RMB280 million from financial institutions. As of the date of approval for issue of the financial statements, RMB 3 million of the short-term borrowing RMB 91 million have been repaid upon maturity, and new borrowings of RMB 88 million were issued, which will expire till February 9, 2024. The short-term borrowing of RMB189 million will mature on December 29, 2023.

(2). For the borrowings from non-financial institutions, the Company is making arrangements properly, that is making repayment as required on one hand, and negotiating with the creditor for extension on the other hand.

(3). On December 31, 2021, a shares transfer agreement was entered into by and among Zijin Mining South Investment Co., Ltd. (hereinafter referred to as Zijin South), the Company, and the subsidiary Sichuan Pingwu Zhongjin Mining Co., Ltd. (hereinafter referred to as Pingwu Zhongjin), under which the 76% shares held by the Company in Pingwu Zhongjin and the creditor's rights of RMB RMB145.2378 million held by Zhongrun Mining Development Co., Ltd. in Pingwu Zhongjin were all transferred to Zijin South. Through negotiation between the parties, the value of the 76% shares in Pingwu Zhongjin was identified as RMB323,000, and the total price of the shares and creditor's rights to be transferred was RMB 468.2378 million. In 2022, RMB 368.2378 million have been received, and the receivable from Zijin South was RMB100 million.

(4). The Company is mainly engaged in mining investment and real estate development and operation. The Company will change its strategic focus to take mining development as its main business and invest advantageous resources to enhance its business capacity and profitability. The Company will make efforts to promote major asset restructuring, complete asset swap-in and swap-out soon as possible to achieve the strategic development plan prioritizing its main business "mining development" and enhance its operating capacity and profitability, and reserve high-quality mineral resources to enhance its development potential and core competitiveness.

Technological transformation and asset investment of VATUKOULA gold mine will be carried out in a way of "reconstruction". So it will seek strategic partners for cooperation in multiple ways including but not limited to joint investment into construction of PV power station and general contracting of design and construction. In the technological transformation and expansion period, it will make all efforts to maintain the production at a certain scale. Moreover, production and exploration within the scope of existing mining rights will be strengthened to strive for significant increase in the reserve of mining resources and obtain more resources to support sustainable development of the Company.

(5). On November 25, 2022, the Company held the 10th meeting of the 10th Term of Board of Directors in which the non-public issuance of A shares was approved. The Company intended to privately issue 190,280,746 A shares to Suzhou Lianchuang Dingrui Investment Partnership (limited partnership) (hereinafter referred to as "Lianchuang Dingrui"), 17% of the total share capital of the Company after this non-public offering. The total of raised funds was RMB 532.7861 million and Lianchuang Dingrui will subscribe to the shares in cash. This non-public issuing of A shares will significantly improve the working capital and alleviate the financial pressure of the Company to meet the needs of business expansion, and optimize the capital structure to enhance its risk resistance and sustainable development capacity.

Based on the conditions above and the cash flow forecast as of December 31, 2023 prepared by the management, the management believes that the Company could generate revenue as expected from its production and operation and the Company can obtain sufficient resources and capital to meet the capital needs for production and operation, extension or repayment of debts due, and capital expenditure for at least 12 months from December 31, 2022. Therefore, the Company has prepared the financial statements of 2022 on the basis of going concern, based on the actual transactions and events, in accordance with the accounting standards for business enterprises and relevant regulations issued by the Ministry of Finance, and in accordance with the accounting policies and estimates disclosed in Note 3.

III. Major Accounting Policies and Accounting Estimates Followed by the Company

1. Compliance with the statement of accounting standards for business enterprises

The financial statements meet the requirements of the *Accounting Standards for Business Enterprises* and truly and completely reflect the financial status as of December 31, 2022, and the operating results and cash flow in 2022, both on a consolidated basis and of the parent company.

2. Accounting period

The accounting year of ZRC is from 1st January to 31st December.

3. Operating cycle

The Company uses 12 months as an operating cycle.

4. Functional currency

The Company uses Chinese yuan (RMB) as the functional currency. Each of the subsidiaries of the Company selects its functional currency based on the main economic environment in which it operates. Among them, VATUKOULA GOLD MINES PTE LIMITED (FJ) takes Fiji dollar as its functional currency, and Zhongrun International Mining Co., Ltd. takes Hong Kong dollars at its functional currency. These financial statements are presented in RMB.

5. Accounting methods for business combination under common control and that not under common control

Business combination under common control: Assets and liabilities (including the goodwill arising from the acquisition of the merged entity by the ultimate controller) acquired by the acquirer in a business combination are measured according to the book value of assets and liabilities of the merged entity on the merger date in the consolidated financial statements of the ultimate controller. The difference between the book value of net assets acquired in the merger and the book value of the consideration paid for the merger (or the total par value of the shares issued) is adjusted to the capital reserve; if the capital reserve is insufficient to offset, adjust the retained earnings.

Business combination not under common control: combination cost refers to the assets paid and the liabilities incurred or assumed, and the fair value of equity securities issued by the acquirer for acquiring the control over the acquiree on the acquisition date. If the merger cost is higher than the fair value of the identifiable net assets of the acquire acquired in the merger, the difference is recognized as goodwill; if the merger cost is less than the fair value of the identifiable net assets of the acquiree acquired in the merger, the difference is charged into the profit or loss for the current period. All identifiable assets, liabilities and/or contingent liabilities obtained from the acquiree in the acquisition, which are qualified for recognition, are measured at fair value on the acquisition date.

The direct expenses incurred for the purpose of business combination are charged to profit or loss for the current period when incurred. The transaction costs of equity securities issued for the purpose of business combination are included in the initial measurement value of the equity securities or debt securities.

6. Ways to prepare consolidated financial statements

(1). Principle for determining the consolidation scope

The consolidation scope of consolidated financial statement is determined on a controlling basis. The consolidation scope includes ZRC and all the subsidiaries. "Control" means that the Company owns power over the investee, enjoys variable returns from its involvement with the investee, and is able to use its power over the investee to affect the amount of the returns

(2). Consolidation procedures

The Company prepares the consolidated statements in accordance with unified accounting policies by treating the entire enterprise group as an accounting entity to reflect the overall financial status, operating results, and cash flows.

The effects of internal transactions between the Company and its subsidiaries and between the subsidiaries are offset. If the internal transaction indicates that relevant assets suffer from impairment loss, the loss is fully recognized. If the accounting policies and the accounting periods adopted by the subsidiaries are inconsistent with ZRC, necessary adjustments are made in the preparation of consolidated financial statements according to the accounting policies and accounting periods adopted by ZRC.

The owner's equity, net profit or loss for the current period and current comprehensive income attributable to the minority shareholders of the subsidiary are separately presented under the owners' equity item in the consolidated balance sheet and the net profit item and total comprehensive income item in the consolidated income statement. If the current loss shared by a minority shareholder of the subsidiary exceeds the minority shareholder's share in the owner's equity of the subsidiary at the beginning of the period, the balance arising therefrom is offset by the minority shareholders' equity.

1). Addition of subsidiaries or businesses

If subsidiary or business is added by business combination under common control during the current accounting period, the opening amounts in consolidated balance sheet are adjusted. The operating results and cash flow of the subsidiary or business from the beginning of to the end of the accounting period in which the combination occurs are included in the consolidated income statements, and the opening figures and the related items in the comparative statement are adjusted. It is deemed that the reporting entity after the combination has being existing since the time when the ultimate controller began to control.

If it is possible to control the investee under common control due to additional investment and other reasons, the equity held prior to acquisition of control over the merged entity, changes in profit and loss, other comprehensive income and other net assets recognized in profit or loss and other comprehensive income during the period from the date of the acquisition of the original equity or the date when the merger and the merged entity are under common control, whichever is later, to the date of merger are offset by the opening retained earnings and the profit or loss for the current period during the statements comparison period.

During the accounting period, if subsidiary or business is added due to business combination not under common control, the subsidiary or business is incorporated into the consolidated financial statements since the date of acquisition based on the fair value of identifiable assets, liabilities, and contingent liabilities.

If it is possible to control the investee under common control due to additional investment and other reasons, the equity of the acquired entity held by the Company before the acquisition date is re-measured according to the fair value of the equity on the acquisition date, and the difference between fair value and book value is charged into the investment income for the current period. For other comprehensive income from the equity of the acquired entity held before the acquisition date which may be reclassified into profit and loss, and other comprehensive income under equity method, the changes are transferred to the investment income for the current period on the acquisition date.

2). Disposal of subsidiaries or businesses

① General disposal method

When the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after disposal will be re-measured by the Company based on its fair value on the date of loss of control. The sum of the consideration received by disposing of the equity and the fair value of the remaining equity, minus the sum of the share of the net assets and the goodwill that were calculated on the basis of the original shareholding ratio in the original subsidiary since the data of acquisition or date of merger, the difference formed is included in the investment income of the current control loss period. For other comprehensive income related to the equity investment of the original subsidiary that may be reclassified into profit and loss subsequently, or other owner's equity changes under the equity method, the changes are transferred to the current investment income on the date of control loss.

If the Company's shareholding ratio declines and the Company loses control over a subsidiary because other investors increase their shareholding ratio, the above accounting principles apply.

② Step-by-step disposal of subsidiary

If the Company disposes of equity investment in a subsidiary through multiple transactions until it loses control, these transactions should be treated as a package transaction in any of the following cases.

i. These transactions are made at the same time or made after consideration of mutual influence.

ii. These transactions as a whole achieve a complete business result.

iii. The occurrence of a transaction depends on the occurrence of at least one other transaction.

iv. A transaction alone is not economical, but it is economical when considered together with other transactions.

If multiple transactions are deemed a package transaction, the transactions will be treated as a single transaction to dispose of the subsidiary and lose control. The difference between every disposal price and the share of net assets in the subsidiary corresponding to such disposal before loss of control is recognized in the consolidated financial statements as other comprehensive income and is collectively transferred to the profit or loss for the period when control is lost.

If the multiple transactions are not deemed a package transaction, before the loss of control, they are treated as if partial equity investment in the subsidiary is disposed before loss of control. When the control is lost, general accounting policies for disposal of subsidiary are followed.

③ Purchase of minority shares of subsidiary

In case of difference between the long-term equity investment newly acquired by purchase of minority shares in a subsidiary and the share of net assets in the subsidiary that should be continuously calculated from the acquisition date or date of merger in accordance with the new shareholding ratio, the share premium in the consolidated balance sheet is adjusted accordingly. If the share premium in capital reserve is insufficient to offset, adjust the retained earnings.

④ Partial disposal of equity investment in subsidiary without loss of control

In case of difference between the disposal price and the share of the net assets of the subsidiary continuously calculated from the acquisition date or the date of merger corresponding to the disposal of the long-term equity investment, the share premium in capital reserve in consolidated balance sheet is adjusted accordingly. If the share premium in capital reserve is insufficient to offset, adjust the retained earnings.

7. Classification of joint arrangement and the accounting methods

Joint arrangement is divided into joint operation and joint venture.

For the purpose of "joint operation", the involved parties have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognizes the following items related to the share of interest in joint operations:

① Recognize the assets held by the Company individually, and recognize jointly held assets according to the shares of the Company;

② Recognize the liabilities assumed by the Company alone, and recognize the jointly assumed liabilities according to the shares of the Company;

③ Recognize the revenue generated from the sale of the share of joint operating output that the Company enjoys;

④ Recognize the income generated from the sales of joint operations according to the Company's share;

⑤ Recognize the costs incurred individually and recognize the expenses incurred in the joint operation according to the Company's share.

The Company takes the equity method for the investment into the joint venture. Refer to Note III (14) Long-term equity investment for details.

8. Determination of cash and cash equivalents

Cash refers to the Company's cash in hand and deposits that can be used for payment at any time. Cash equivalent refers to the short-term investments held by the Company that is highly liquid, easy to convert into known amounts of cash, and has small risk of changes in value.

9. Foreign currency transactions and translation of foreign currency statements

(1). Foreign currency transactions

For foreign currency transactions that occurred, the spot exchange rate (usually the middle price of the exchange rate quoted by the People's Bank of China on the same day, the same below) is used to convert foreign currency into RMB.

The balances of foreign currency monetary items on balance sheet date are translated at the spot exchange rate on the balance sheet date. The resulting exchange differences are charged into profit or loss for the current period, except that exchange differences arising from foreign currency specific borrowings relating to the acquisition or construction of assets eligible for capitalization are treated in accordance with the principle of capitalization of borrowing costs.

(2). Translation of foreign currency statements

Assets and liabilities items in the balance sheet are translated at the spot exchange rate on the balance sheet date. Owner's equity items, except "undistributed profit" item, are translated at the spot exchange rate at the time of occurrence. Incomes and expenses in profit statement are translated at the spot exchange rate on the date of the transaction.

When disposing of overseas operations, the translation difference in the foreign currency statements related to the overseas operations is transferred from owner's equity to the profit or loss for the current period.

10. Financial instruments

The Company recognizes one financial instrument, financial liability or equity instrument when it becomes one party of the financial instruments contract.

(1). Classification of financial instruments

According to the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as follows at the time of initial recognition: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through the current profit and loss.

For the financial assets that meet all of the following conditions, are not designated as measured at fair value, and the changes are included into the current profit and loss, the Company classified them as the financial assets measured at amortized cost:

- The purpose of the business model is to receive contractual cash flow;

- The contractual cash flow is only used for payment of principal and interest based on the amount of the outstanding principal.

For the financial assets that meet all of the following conditions, are not designated as measured at fair value, and the changes are included into the current profit and loss, the Company classified them as the financial assets (debt instruments) measured at fair value with the changes included into other comprehensive income.

- The purpose of the business model is to both receive contractual cash flow and sell the financial asset;

- The contractual cash flow is only for to the payment of the principal and interest based on the amount of the outstanding principal

For non-trading equity instrument investments, the Company may determine whether to irrevocably designate them as financial assets measured at fair value through other comprehensive income (equity instruments) at the time of initial recognition. Such designation is made based on the individual investment and the involved investor complies with the definition of equity instrument from the perspective of the issuer.

For all other financial assets which are neither classified as measured at amortized cost nor as measured at fair value with the changes included into other comprehensive income, the Company classifies them as the financial assets measured at fair value with the changes included into the current profit and loss. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate the financial assets that should be classified as those measured at amortized cost or fair value with the changes included into other comprehensive income as the financial assets measured at fair value through the current profit and loss.

At the time of initial recognition, financial liabilities are classified as follows: financial liabilities measured at fair value through the current profit and loss and financial liabilities measured at amortized cost.

The financial liabilities may be designated as financial liabilities measured at fair value with changes included into the current profit and loss at the initial measurement if they meet one of the following conditions:

1) This designation can eliminate or significantly reduce accounting mismatches

2) According to the enterprise risk management or investment strategy stated in official instruments, management and performance evaluation of the financial liabilities portfolio or financial assets + financial liabilities portfolio are conducted on the basis of fair value, and it is reported internally to the key management personnel accordingly.

3) The financial liabilities contain embedded derivative instruments that need to be split separately.

(2). Recognition and measurement of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc., which are initially measured at fair value. The related transaction costs are included in the initial measurement amount; accounts receivable which do not include significant financing components and accounts receivable with financing components of no more than one year which the Company determined not to consider are initially measured at the contracted transaction value.

The interest calculated by the effective interest rate method during the holding period is included in the current profit and loss.

At the time of recovery or disposal, the difference between the acquired price and the book value of the financial asset is recognized in the current profit and loss.

(2) Financial assets measured at fair value through other comprehensive income (debt instruments)

Financial assets measured at fair value through other comprehensive income (debt instruments), including receivable financing, other debt investments, etc., are initially measured at fair value. The related transaction costs are included in the initial measurement amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains and losses calculated using the effective interest rate method. At the time of de-recognition, the accumulated gains or losses previously included in other comprehensive income are transferred out from other comprehensive income and recognized in the current profit and loss.

(3) Financial assets measured at fair value through other comprehensive income (equity instruments)

Financial assets measured at fair value through other comprehensive income (equity instruments), including investments in other equity instruments, are initially measured at fair value. The related transaction costs are included in the initial measurement amount. The financial assets are subsequently measured at fair value, and changes in fair value are recognized in other comprehensive income. The dividends received are recognized in the current profit and loss.

At the time of derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out from other comprehensive income and included in retained earnings.

(4) Financial assets measured at fair value through the current profit and loss

Financial assets that are measured at fair value through the current profit and loss, including trading financial assets, derivative financial assets, and other non-current financial assets, are initially measured at fair value. The related transaction costs are recognized in the current profit and loss. The financial assets are subsequently measured at fair value, and changes in fair value are recognized in the current profit and loss.

(5) Financial liabilities measured at fair value through the current profit and loss

Financial liabilities measured at fair value through current profits and losses, include trading financial liabilities, derivative financial liabilities, etc., which are initially measured at fair value. The related transaction costs are recognized in current profits and losses. The financial liabilities are subsequently measured at fair value, and changes in fair value are recognized in the current profit and loss.

At the time of derecognition, the difference between the book value and the consideration paid shall be recognized in the current profit and loss.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, and long-term payables, which are initially measured at fair value. The related transaction costs are included in the initial measurement amount.

The interest calculated by the effective interest rate method during the holding period is included in the current profit and loss.

At the time of derecognition, the difference between the consideration paid and the book value of the financial liability is recognized in the current profit and loss.

(3). De-recognition and transfer of financial assets

The Company de-recognizes the financial asset when any of the following conditions are met:

- The contractual rights for receiving the cash flow of the financial asset are terminated;

- The financial asset has been transferred and almost all the risks and rewards on the ownership of the financial asset have been transferred to transferee;

- The financial asset has been transferred, the Company did neither transfer nor retain almost all the risks and rewards on the ownership of the financial asset, but did not retain control over the financial asset.

In the case of transfer of financial assets, if the Company maintains almost all the risks and rewards on the ownership of the financial asset, such financial asset shall not be derecognized.

When judging whether the transfer of financial assets satisfies the above derecognizing condition, the principle of substance over form is adopted. The Company divides financial asset transfers into overall transfer and partial transfer. If the overall transfer of financial asset satisfies the derecognizing condition, the difference between the following two amounts is charged into the profit or loss for the current period:

①Book value of the transferred financial asset;

②The sum of the consideration paid upon transfer and the cumulative change in the fair value that has been directly charged into owner's equity (in the case that the financial assets involved are financial assets measured at fair value through other comprehensive income (debt instruments)).

If partial transfer of financial asset satisfies the derecognizing condition, the book value of the financial asset as a whole is apportioned between the derecognized part and the recognized part in accordance with their respective relative fair value, and the difference between the following two amounts is charged into the profit or loss for the current period:

①The book value of the derecognized part;

②The sum of the consideration received for the derecognized part and the derecognized part of the cumulative change in fair value that has charged directly into the owner's equity (in the case that the financial assets involved are financial assets measured at fair value through other comprehensive income (debt instruments)).

If the transfer of financial asset does not meet the derecognizing condition, the financial asset will continue to be recognized and the consideration received will be recognized as a financial liability.

(4). Derecognition of financial liabilities

If the current obligation of a financial liability is discharged in whole or in part, the financial liability or part thereof may be derecognized. When the Company (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities and the terms of the new financial liabilities and the existing financial liabilities are substantially different, the existing financial liabilities are derecognized and the new financial liabilities are recognized.

If substantial changes are made to all or part of the contractual terms of existing financial liabilities, the existing financial liabilities or part thereof are derecognized, and the financial liability after the modification of the terms is be recognized as a new financial liability.

When a financial liability is derecognized wholly or partially, the difference between the book value of the financial liability derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) is charged into the profit or loss for the current period. If the Company repurchases some of its financial liabilities, the entire book value of the financial liabilities will be allocated on the reacquisition date based on the relative fair values of the part that continues to be recognized and the derecognized part. The difference between the book value allocated to the derecognized part and the consideration paid (including the non-cash assets transferred out or the new financial liabilities assumed) is charged into the profit or loss for the current period.

(5). Determination of fair values of financial asset and financial liability

For financial instruments that have active markets, the prices quoted in the active markets are taken as their fair values. For financial instruments that do not have active market, their fair values are determined by valuation. At the time of valuation, the Company uses the valuation techniques that are applicable in the current circumstance and are sufficient to support the use of data and other information, and the Company uses the inputs that are consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities. Relevant observable inputs are preferred. Unobservable inputs are used only if the relevant observable inputs are not available or are not practicable to acquire.

(6). Measurement and accounting treatment for the impairment of financial assets

The Company estimates the expected credit loss of the financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (debt instrument), and the financial guarantee contracts by single item or a combination.

The Company recognizes the expected credit loss by calculating the probability weight amount of the present value of the difference between the cash flow to be received from the contract and that actually received, in which reasonable and well-founded information is taken into account, e.g. matters in the past, current conditions, and prediction of the future economic conditions.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision at an amount equivalent to the expected credit loss during the entire duration of the financial instrument; if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company measures its loss provision at an amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The resulted increase or decrease in the loss provision shall be included in the current profit and loss as an impairment loss or gain.

To evaluate whether the credit risk of the financial instrument has increased significantly, the Company compares the risk of default of the financial instrument on the balance sheet date with the risk of default on the initial recognition date to determine the relative change of the default risk within the expected duration of the financial instrument. Usually if a financial instrument is more than 30 days overdue, the Company believes that its credit risk has increased significantly, unless there is conclusive evidence demonstrating that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If the credit risk of a financial instrument is low as of the balance sheet date, the company believes that the credit risk of the financial instrument has not increased significantly since its initial recognition.

If there is objective evidence that a certain financial asset has been credit-impaired, the Company shall make provision for impairment of the financial asset on a single-item basis.

For the receivable and contractual asset formed as a result of the transactions governed by the Accounting Standards for Business Enterprises – No. 14 Revenue (2017), regardless of whether it contains a significant financing component, the Company always measures its loss provision at an amount equivalent to expected credit losses during the entire duration.

For lease receivables, the Company always chooses to measure its loss provision at an amount equivalent to expected credit losses during the entire duration.

When the Company reasonably expects that the contractual cash flow of the financial asset could no longer be recovered in whole or in part, the Company writes down the book balance of the financial asset directly.

11. Inventory

(1). Classification and cost of inventories

Inventories can be classified into raw materials, work in process, development cost, product under development, auxiliary materials, etc. Inventories are initially measured at cost. The cost of inventories includes the purchase cost, processing cost, and the expenses required for the inventories to reach the current premise and status.

(2). Measurement of inventory

Inventories are measured using monthly weighted average method at the end of the month.

(3). Determination of net realizable value of inventories

On the balance sheet date, the inventories shall be measured at the cost or the net realizable value, whichever is lower. If the cost of inventory is higher than its net realizable value, provision for loss on decline in value of inventories shall be made. The net realizable value refers to, in the daily business activity, the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories.

For inventory of goods directly used for sale, such as finished goods, commodities, and materials for sale, during normal production and operation, its net realizable value is determined to be its estimated selling price minus its estimated selling expenses and related taxes. For inventory of materials that need to be processed, during normal production and operation, its net realizable value is determined to be the estimated selling price of the finished product minus the estimated costs to be incurred upon completion, estimated sales expenses and related taxes and fees. For inventory held for performance of sales contract or labor contract, its net realizable value is determined on the basis of contract price. If the quantity of the held inventory is more than the quantity ordered by sales contract, the net realizable value of the excess inventory is determined on the basis of general selling price.

After the provision for loss on decline of value of inventory is made, if the influencing factors for writing down of inventory value have disappeared, as a result of which the net realizable value of the inventory becomes higher than its book value, it shall be reversed from the amount of the original provision for inventory value decline, and the reversed amount shall be included in the current profit and loss.

(4). Inventory system

The inventory system is a perpetual inventory system.

(5). Amortization method for low-value consumables and packages

①Low-value consumables are amortized by the one-off write-off method.

②Packaging are amortized by the one-off write-off method.

12. Contractual assets

1. Method and criteria for recognition of contractual assets

The Company presents the contract assets or contract liabilities in the balance sheet on the basis of the relationship between obligations performance and customer payment. The right of the Company to receive the consideration for transferring goods or providing services to the customers (and the right depends on the factors other than the lapse of time) is listed as contract assets. The contract assets and contract liabilities under the same contract are presented in the net amount. The right of the Company to collect consideration from the customers unconditionally (only depending on the lapse of time) is listed separately as accounts receivable.

2、 Determination of and accounting of expected credit loss of contractual assets

For the method of determining the expected credit loss of contractual assets and the accounting, refer to Note (X) 6 Test and accounting of impairment of financial assets.

13. Held-for-sale

The non current asset or disposal group whose book value is recovered mainly through sale (including non monetary asset exchange in commercial substance) rather than continuous use, is classified as held for sale.

Non-current assets or disposal groups that meet the following conditions are classified as held-for-sale assets:

① According to the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under current conditions;

② The sale is very likely to happen, that is, the Company has already made a resolution on a sales plan and obtained a certain purchase commitment. It is expected that the sale will be completed within one year. If the relevant regulations require approval from the relevant authority or supervisory authority before they can be sold, the Company has already obtained approval.

For the non current assets (excluding financial assets and deferred income tax assets) or disposal groups which are classified as held for sale, if the book value is higher than the net amount of fair value minus sale expenses, the book value shall be written down to the net amount of the fair value minus sale expenses, and the amount written down shall be recognized as asset impairment loss and included in the current profits and losses, and provision for impairment of held for sale assets shall be made.

14. Long-term equity investment

(1). Judgment criteria for joint control and significant impact

Joint control refers to the sharing of control over an arrangement in accordance with relevant agreements, and related activities of the arrangement must be unanimously agreed by the parties that share the right of control. Where the Company and other joint ventures jointly exercise joint control over the investee and exercise joint control over the investee and have rights over the net assets of the investee, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating decisions of the investee , but it cannot control or jointly control the formulation of these policies with other parties. If the Company can exert a significant influence on the investee, the investee is an associate of the Company.

(2). Determination of initial investment cost

1). Long-term equity investment formed by business combination

For the long-term equity investment in a subsidiary formed as a result of business combination under common control, the initial investment cost is taken as the share of the book value of the owner's equity in the ultimate controller's consolidated financial statements on the combination date. For the difference between the initial investment cost of long-term equity investment and the book value of the consideration paid, equity premium in the capital reserve shall be adjusted. When the equity premium in the capital reserve is insufficient, the retained earnings shall be adjusted. If it is possible to exercise control over the investee under common control due to additional investment and other reasons, the initial investment cost of the long-term equity investment recognized in the principles above and the sum of the book value of the former long-term equity investment and the book value of the new consideration payment for the new shares on the combination date is adjusted to the capital stock premium; if the capital stock premium is insufficient to offset, the retained earnings are adjusted.

For the long-term equity investment in a subsidiary formed as a result of the business combination not under common control, the business combination cost recognized on the acquisition date shall be taken as the initial investment cost. If it is possible to control the investee not under common control due to additional investment and other reasons, the initial investment cost is calculated according to the sum of the book value of the originally held equity investment and the additional investment cost.

2). Long-term equity investment acquired by the means other than business combination

For long-term equity investment acquired by cash, the actual purchase price paid is taken as its initial investment cost.

For long-term equity investment acquired by issuance of equity securities, the fair value of the issued equity securities is taken as its initial investment cost.

(3). Subsequent measurement of long-term equity investment and recognition of profit and loss

1). Long-term equity investment accounted for by cost method

The Company's long-term equity investment in subsidiaries is measured using the cost method, unless the investment meets the conditions for held-for-sale. Except for the actual payment of the investment or the cash dividends or profits included in the consideration that have been announced but not yet issued, the Company recognizes the current investment income in accordance with the cash dividends or profits declared to be released by the investee.

2). Long-term equity investment accounted for using the equity method

The long-term equity investment in associates and joint ventures is accounted for using the equity method. If the initial investment cost is greater than the fair value share of the identifiable net assets of the investee at the time of investment, the initial investment cost of the long-term equity investment is not adjusted. If the initial investment cost is less than the fair value share of the identifiable net assets of the investee at the time of investment, the difference is charged into the profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted

The investment income and other comprehensive income are recognized separately according to the share of net profit and loss and other comprehensive income realized by the investee that should be shared or enjoyed by the Company, and the book value of the long-term equity investment is adjusted at the same time. The book value of the long-term equity investment is reduced according to the share of profit or cash dividend declared by investee to be paid that should be enjoyed by the Company. In case of changes in owner's equity of the investee other than net profit or loss ("other changes in the owner's equity"), other comprehensive income and profit distribution, the book value of the long-term equity investment is adjusted and charged into the owner's equity.

The share of net profit or loss of the investee that should be enjoyed by the Company, other comprehensive income, and other changes in the owner's equity, are determined based on the fair value of the investee's identifiable net assets at the time of acquiring the investment and the net profit of the investee that has been adjusted according to the Company's accounting policies and accounting period and other comprehensive income.

The unrealized gains and losses from internal transactions between the Company and its associates or joint ventures are calculated based on the proportion of the Company's equity attributable to the Company and offset, and the investment income is recognized on this basis, except the invested or sold asset that constitutes business. Unrealized internal transaction losses with the investee, which are assets impairment losses, are recognized in full.

The net loss incurred by the Company in the joint venture or associate is written down on the basis of the book value of long-term equity investment and other long-term interests that substantially constitute the net investment in the joint venture or associates, until being written down to zero. If the joint venture or associate realizes net profit in the future, the Company shall resume the recognition of the share in the income after using the income share to make up for the unrecognized loss share.

3). Disposal of long-term equity investment

When disposing of a long-term equity investment, the difference between the book value and the actual purchase price is charged into the profit or loss for the current period.

For the long-term equity investment partially disposed with equity method, if the remaining equity is still accounted for using the equity method, the part originally charged into other comprehensive income is accounted for in proportion using the same basis as the investee's direct disposal of the relevant assets or liabilities when disposing of the investment, and other changes in the owner's equity are carried forward to the current profit of loss in proportion.

If the Company loses joint control or significant influence over the investee due to the disposal of equity investment, , the other comprehensive income recognized in the original equity investment accounted for using the equity method is accounted for on the same basis as if the investee had directly disposed of the relevant assets or liabilities when terminating the use of equity method for accounting.

Where the Company losses control right over the investee due to disposal of part of equity investment, in the preparation of individual financial statements, if the remaining equity can exert joint control or significant influence on the investee, it is accounted for by the equity method, and the residual equity is deemed adjusted by equity method since its acquisition. Other comprehensive income recognized before the control over the investee is obtained shall be carried forward in proportion on the same basis as the investee's direct disposal of relevant assets or liabilities. Other changes in owner's equity recognized using the equity method shall be carried forward to the current profit and loss in proportion. If the remaining equity cannot exert joint control or significant influence on the investee, it shall be recognized as financial assets. The difference between the fair value and the book value on the date of loss of control is recognized in profit or loss for the current period, and all other comprehensive income and other changes in owner's equity recognized before obtaining the control right over the investee shall be carried forward in full.

If the equity investment in a subsidiary is disposed step by step through multiple transactions until the control right is lost, when these transactions belong to one package transaction, they shall be treated as one for disposing of the equity investment in a subsidiary and losing the control right. The difference between the price of each disposal and the book value of the long-term equity investment of the equity disposed before the loss of control is recognized as other comprehensive income in the financial statements, and then transferred to the current profit and loss when the control is lost. If they do not belong to one package, each transaction shall be accounted for separately.

15. Investment property

Investment property refers to property held to earn rentals or capital appreciation, or both, including land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, buildings that have been leased (including buildings that have been built or developed for rent and those under construction for future rent).

Subsequent expenditures related to investment property are presented as the cost of investment property if the relevant economic benefits are likely to flow to the Company and the cost can be measured reliably; Otherwise, it shall be included in the current profit and loss once incurred.

The Company uses the cost model to measure the existing investment property. For investment property measured according to the cost model - the rental building adopts the same depreciation policy as the fixed assets of the Company, and the land use right for rental is executed according to the same amortization policy as the intangible assets.

16. Fixed assets

(1). Recognition criteria and initial measurement of fixed asset:

Fixed assets refer to tangible assets that are held for the purpose of producing goods, providing labor services, renting, or business management and have a service life longer than one accounting period. Fixed assets are recognized when they meet both the following conditions:

① The economic benefits associated with the fixed assets are likely to flow into the Company;
② The cost of the fixed assets can be reliably measured.

Fixed assets are initially measured at cost (taking into account the effects of expected disposal expenses).

Subsequent expenditures related to the fixed assets are presented as the cost of fixed asset if the relevant economic benefits are likely to flow to the Company and the cost can be measured reliably. For the part that is substituted, its book value is derecognized and all other subsequent expenditures are included into the current profit or loss when they are incurred.

(2). Depreciation method

The depreciation of fixed assets is calculated using the straight-line method and the depreciation rate is determined based on the category, estimated service life and estimated net residual value of fixed asset.. For the fixed assets for which the impairment provision has been made, the depreciation is determined based on the book value in the future period (with the impairment provision deducted) and the remaining useful life. If the service life of each component of a fixed asset is different or provides economic benefits to the enterprise in different ways, then different depreciation rates or depreciation methods are selected and depreciation is provided separately.

VATUKOULA GOLD MINES LIMITED (UK), a subsidiary of the Company (hereinafter referred to as "VGML (UK)"), depreciates assets related to mine exploration and exploitation using the production method, and depreciates other fixed assets using the straight-line method.

The depreciation period, estimated net residual value rate and annual depreciation rate of various fixed assets are as follows:

Category	Depreciation method	Depreciation period (year)	Residuals rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	3—45 years	0—5%	2.11—33.33
Means of transportation	Straight-line method	3—12 years	0—5%	7.92-33.33
Machines and equipment	Straight-line method	4—12 years	0—5%	7.92-25.00

(3) Disposal of fixed assets

The fixed asset is derecognized when it is disposed of or no economic benefit is expected to be generated through use or disposal of it. The disposal income from the sale, transfer, scrapping or destroying of fixed assets, minus the book value and relevant taxes, shall be included in the current profits and losses.

17. Construction in progress

Construction-in-progress is measured at its actually incurred cost, which includes the construction cost, installation cost, borrowing expenses qualified for capitalization, and other necessary expenditure incurred for the construction before the asset is ready for its intended use. The construction in progress is transferred to fixed asset when it has reached the expected usable status, and depreciation is made since the following month.

18. Borrowing Cost

(1). Recognition criteria for capitalized borrowing cost

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and credited into the costs of relevant assets. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be credited into the current profit and loss.

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and credited into the costs of relevant assets. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be credited into the current profit and loss.

Assets eligible for capitalization refer to assets that require long time of acquisition, construction or production activities to achieve the intended use or sale status, such as fixed assets, investment real estate and inventories.

(2). Period of capitalization of borrowing cost

Capitalization period refers to the time of period from the time that the borrowing costs start capitalization to the time that the capitalization ends, excluding the period of suspension of capitalization

Capitalization begins when the borrowing costs meet the following conditions:

(1) The asset disbursements have already incurred, which shall include the cash, transferred non-cash assets or interest bearing debts paid for the acquisition and construction or production activities for preparing assets eligible for capitalization.

(2) The borrowing costs have already incurred.

(3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

When the asset under acquisition, construction or production that meets the conditions for capitalization, reaches the status of being ready for use or sale, the capitalization of borrowing costs ceases.

(3). Suspension Period of capitalization:

Capitalization of borrowing costs shall be suspended if the assets eligible for capitalization are abnormally interrupted during the purchase, construction or production process, and the interruption period lasts for more than 3 consecutive months. If the suspension is necessary for the assets acquired, constructed, or produced to reach the intended use or sale status, the borrowing costs shall continue to be capitalized. The borrowing costs incurred during the suspension shall be recognized as the current profit and loss and continued to be capitalized until the acquirement, construction, and production activities restart.

(4). How to calculate the capitalization rate and capitalization amount of borrowing costs

For the funds specifically borrowed for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined as the actual borrowing costs incurred on that borrowing during the period less the interest of unutilized amount of the borrowing and any investment income on the temporary investment of those borrowings. For the funds borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying the weighted average capital expenditure of the accumulated capital expenditure in excess of the specially borrowed funds to the capitalization rate of the general borrowings used. The capitalization rate is determined based on the actual weighted average interest rate of the general borrowings.

During the capitalization period, the exchange difference of the principal and interest of foreign currency special borrowings is capitalized and included in the cost of assets eligible for capitalization, while the exchange difference of principal and interest of other foreign currency borrowings, other than special foreign currency borrowings, shall be included in the current profits and losses.

19 Intangible Assets

(1). Measurement of intangible assets

1) Intangible assets are initially measured at cost.

The costs of purchased intangible assets include the purchase price, related taxes, and other expenses directly attributable to the asset's intended use.

2) Subsequent measurement

The Company judges the useful life of an intangible asset when acquiring it.

The intangible asset with definite useful life shall not be amortized over the period that it if the period it brings economic benefits to the Company. The intangible asset shall be deemed as having indefinite useful life and shall not be amortized if the period in which it brings economic benefits to the Company could not be predicted.

(2). Estimation of intangible assets having definite useful life

Intangible assets having definite useful life are amortized over the useful life systematically and reasonably in the expected way that the economic benefits associated with the intangible assets are realized. If it is impossible to reliably determine the expected method of realization, they are amortized using the straight-line method. The mining rights held by VGML (UK), a subsidiary of the Company, are amortized using the production method.

(3) Basis for determination of intangible assets having indefinite useful life and the procedures for reviewing of the useful life

Intangible asset with an indefinite useful life shall not be amortized, but the useful life shall be reviewed and impairment test shall be conducted on an annual basis.

(4). Specific criteria for classifying research and development stages

Expenditure on internal research and development projects is divided into research stage expenditures and development stage expenditures

Research stage: Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.

(5). Specific conditions for capitalization of development phase expenditures

The expenditure for research phase shall be included in the current profit and loss when it is incurred. The expenditure for the development stage is recognized as an intangible asset if, and the expenditure in the development stage that fails to meet the following conditions is included into the current profit and loss:

1) the technical feasibility of completing the intangible asset so that it will be available for use or sale.

2) its intention to complete the intangible asset and use or sell it.

3) how the intangible asset will generate probable future economic benefits, among other things, the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The expenditures, if it is difficult to distinguish whether they belong to the research stage or development stage, are all recorded into the current profit and loss when they are incurred.

20 Impairment of long-term assets

Long-term equity investment, investment property measured in cost mode, fixed assets, construction in progress, right of use assets, intangible assets with definite useful life, and oil/gas shall be tested for impairment if any indication of impairment exists as of the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, impairment provision shall be made based on the difference and recorded into impairment loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the expected future cash flow of the asset. If it is difficult to estimate the recoverable amount of an individual asset, determine the recoverable amount of the asset group to which the asset belongs. An asset group is the smallest portfolio of assets that can generate cash inflow independently. Asset impairment provision is calculated and recognized on the basis of individual asset.

Goodwill resulting from business combination, intangible assets having indefinite useful life and intangible assets that have yet to reach usable state shall be tested for impairment at least at the end of each year.

The Company tests the goodwill for impairment. For the goodwill acquired in business combination, the book value is amortized to the relevant asset group on a reasonable basis from the date of purchase. If it is difficult to classify the intangible asset to a relevant asset group, classify it to the relevant asset group combination. The relevant asset group or asset group combination refers to the asset group or asset group combination that can benefit from the synergies of the business combination.

When performing impairment test on the relevant asset group or asset group combination containing goodwill, if there is any sign of impairment of the asset group or asset group combination related to goodwill, firstly test the asset group or asset group combination that does not contain goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Then perform impairment test on the asset group or asset group combination containing goodwill and compare the book value and the recoverable amount. If the recoverable amount is lower than its book value, the impairment loss is firstly setoff against and allocated to the book value of the goodwill of the asset group or asset group combination, and then set off against the book value of other assets in proportion to the book value of other assets other than goodwill.

21 Contractual liabilities

The Company presents the contractual assets or contractual liabilities in the balance sheet on the basis of the relationship between obligation payment and customer payment. The obligations of the Company for transferring goods or rendering services to the customer for the consideration received already or to be received from the customer are presented as contract liabilities. Contractual assets and contractual liabilities under the same contract are presented in net amount.

22 Employee Compensation

(1). Accounting of short-term compensation

During the accounting period in which the employees work for the Company, the Company recognizes the actual short-term compensation actually incurred as liabilities and record into the profit or loss or cost of related asset in the current period.

For the social insurance contributions and housing provident fund paid by the Company for employees, and the labor union funds and employee education funds provided according to the regulations, the Company recognizes the amount of employee benefits according to the basis and proportion during the accounting periods in which the employees render services for the Company.

The employee benefits incurred by the Company are recorded into the current profit or loss or the cost of relevant asset when they are actually incurred, among which the non-monetary benefits are measured at the fair value.

(2). Accounting treatment of post-employment benefits

1) Defined benefit plan

The Company pays basic pension insurance and unemployment insurance for the employees according to the relevant regulations of local government, which are calculated in the accounting period in which employees render services for the Company according to the local payment base and proportion, recognized as liabilities, and recorded into the current profit and loss or cost of related asset.

(3). Accounting of termination benefits

The Company, when providing termination benefits to the employees, recognizes the employee compensation liabilities resulting from termination benefits at the earlier date below and records them into the current profit or loss: when it can no longer withdraw the provided benefits due to termination of employment; or when it recognizes the costs or expenses related to restructuring of the termination benefits.

23 Estimated liabilities

The obligation pertinent to contingency is recognized as estimated liabilities when all the following conditions are met:

1) Such obligations are current to the Company;

2) Such obligations, if fulfilled, will probably result in outflow of economic benefits from the Company;

3) Such obligations bear an amount that can be reliably measured.

The estimated liabilities shall be initially measured in accordance with the best estimate of the expenditure required for the performance of the relevant current obligation.

In the determination of the best estimate, comprehensive consideration shall be given to the risks, uncertainties, and time value of money related to the contingencies. If the time value of money has a significant impact, the best estimate will be determined after discounting the relevant future cash outflows.

If the required expenditure has a continuous range, and the probability of occurrence of the various results within the range is the same, the best estimate follows the middle value of the range. In other cases, the best estimate is treated as follows:

·If the contingency relates to a single item, then the best estimate shall be determined based on the most possible amount;

·if the contingency involves multiple items, the best estimate shall be determined based on the various possible outcomes and associated probability.

If all or part of the expenses required by the Company for repayment of estimated liabilities are expected to be compensated by a third party, the amount of compensation shall be recognized separately as an asset when it is basically determined to be receivable, and the amount of compensation recognized shall not exceed the book value of the estimated liability.

The Company reviews the book value of estimated liabilities on the balance sheet date, and adjusts the book value on the basis of the current best estimate if there is conclusive evidence showing that the book value cannot reflect the current best estimate.

24 Revenue

(1) Accounting policies for recognition and measurement of revenue

The Company recognizes the revenue when it has fulfilled the performance obligations in the contract, namely when the customer obtains control over the relevant goods or services. "Obtaining control over relevant goods or services": being able to dominate the use of such goods or services and obtain almost all economic benefits therefrom.

If the contract contains two or more performance obligations, the Company allocates the transaction price to each performance obligation according to the proportion of the selling price of the goods or services committed for each performance obligation on the contract effective date. The Company measures the revenue according to the transaction price allocated to each single performance obligation.

Transaction price refers to the amount of consideration that the Company is expected to be entitled to for the transfer of goods or services to the customer, excluding the amount to be collected on behalf of a third party and the amount expected to be returned to the customer. The Company determines the transaction price according to the contract terms with reference to its customary practices in the past. In determining the transaction price, the Company considers the influence of multiple factors, e.g. variable consideration, major financing components in the contract, non cash consideration, consideration payable to the customer. The Company determines the transaction price containing variable consideration based on the amount of accumulated recognized revenue that does not exceed the amount that is unlikely to be significantly reversed when the relevant uncertainty is eliminated. If the contract contains significant financing components, the Company determines the transaction price according to the amount payable by assuming that the customer will make payment in cash immediately upon obtaining control over the goods or services, and amortizes the difference between the transaction price and the contract consideration by using the effective interest rate method over the contract period.

The performance obligation is classified as that to be satisfied over time when it meets any of the following conditions, or as that to be satisfied at a certain point in time:

- While performing the contract, the customer obtains and consumes the economic benefits resulting from the performance of the Company;

- The customer could control the goods in process during the performance of the contract;

- The goods produced during the Company's performance of the contract have irreplaceable uses, and the Company is entitled to payments for the performance that has been completed so far in the whole contract period.

For the performance obligations satisfied over a period of time, the Company recognizes the revenue according to the performance progress over the period, unless it is impossible to determine the performance progress reasonably. The Company uses the output method or input method to determine the performance progress by considering the nature of the goods or services. When the performance progress cannot be reasonably determined and the cost incurred is expected to be reimbursed, the Company recognizes the revenue based on the amount of the cost incurred until the performance progress can be reasonably determined.

For the performance obligation satisfied at a time point, the Company recognizes the revenue when the customer obtains control over goods or services. The Company considers the following signs when judging whether the customer has obtained control over the goods or services:

- The Company is entitled to payment for the goods or services, that is, the customer has the current payment obligation for the goods or services;

- The Company has transferred the goods physically to the customer, that is, the customer has occupied the goods actually;

- The Company has transferred the substantial risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the substantial risks and rewards of the ownership of the commodity.

- The Company has accepted the goods or services;

(2) Detailed principles

(1) The revenue from the sale of real estate is recognized when the following conditions are all met: the control of the goods has been transferred to the customer, that is, the customer has obtained the control of the goods. The revenue is recognized as realized when it has been received or evidence of receiving has been obtained and the cost related to the sale of the real estate can be measured reliably. That is, the Company recognizes the realization of income when the building is completed and accepted, the purchase contract is signed, the payment certificate is obtained from the buyer, and the physical handover procedures of the building is completed.

(2) The revenue from sale of gold is recognized when all of the following conditions are met: the right of control over the gold is transferred to the customer, namely the customer has obtained such right of control, the settlement statement from the customer has been received or obtained and the costs related to the sale of the gold may be reliably measured. The Company recognizes the revenue on the basis of the amount of consideration it is expected to be entitled to after it has fulfilled the performance obligation in the contract, namely the customer obtains the right of control over the relevant goods or services.

25. Contract cost

Contract cost consists of contract performance cost and contract acquisition cost.

The cost incurred by the Company for performance of contract is recognized as asset when the following conditions are all satisfied, if it is not falling within the scope of application of the standards for inventories, fixed assets, or intangible assets:

• The cost is directly related to a current or expected contract;

• This cost leads to increase of the resources required by the Company for fulfilling its performance obligations in the future.

• It is expected that the cost could be recovered.

The incremental cost incurred by the Company for obtaining a contract is recognized as an asset as the contract acquisition cost, if it is expected to be recovered.

The assets related to contract cost are amortized on the same basis as the recognition of the revenue from the goods or services related to the assets, provided that the Company includes the contract acquisition cost into the current profit or loss when it is incurred if the period of amortization does not exceed one year.

For the contract cost whose book value is higher than the difference between the following two, the Company makes impairment provision for the excess and recognize it as asset impairment loss:

(1) The residual consideration that is expected to be obtained for the transfer of goods or services related to the asset;

(2) The cost that is estimated to incur for the transfer of the relevant goods or services.

If the difference above becomes higher than the book value of the asset as a result of changes in the impairment factors in the previous period, the Company shall reverse the originally accrued impairment provision and record it into the current profit and loss, provided that the book value of the asset after such reversal shall not exceed the book value of the asset on the reversal date assuming that impairment provision is not made.

26 Government grants

(1) Types

Government grants refer to the monetary assets or non-monetary asset obtained by the Company from the government free of charge, which are classified into grants related to assets and grants related to income.

Grants related to assets are government grants obtained by the Company for purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

The Company recognizes the grants related to assets according to the following criteria:

The government grants are recognized as grants related to assets if they are specially used for acquirement or construction of assets as explicitly required in the government grant document.

The Company recognizes the grants related to income according to the following criteria:

The government grants are recognized as grants related to income if the government grant document does not explicitly specify that such grants will be specially used for acquirement or construction of assets.

(2) **Time for recognition**

The government grants are recognized when that the Company meets the conditions for the grant and is able to receive the government grants.

(3) **Accounting**

Government grants related to assets are written off against the book value of the underlying assets or recognized as deferred income. The government grants related to assets recognized as deferred income shall be recognized as profit or loss in the current period in a reasonable and systematic manner within the useful life of the relevant assets (as other income if related to the daily activities of the Company, or non-operating income if not);

The government grants related to income, which are used to compensate the related costs/expenses or losses of the Company in the future period, are recognized as deferred income and recognized as profit or loss in the current period in which the relevant costs/expenses or losses are recognized (as other income if related to the daily activities of the Company, or non-operating income if not), or written off against the relevant expenses or losses; if they are used to compensate the related costs or losses incurred by the Company, they are directly recognized as profit or loss in the current profit and loss (as other income if related to the daily activities of the Company, or non-operating income if not) or written off against the relevant expenses or losses.

The policy preferential loan interest discounts granted to the Company are divided into the following two cases for separate accounting:

(1) If the finance department allocates the interest subsidy funds to the loan bank, and the loan bank issues loan to the Company at the policy preferential interest rate, the Company will take the actual amount of the borrowed money as the book value of the loan, and calculate the borrowing cost according to the loan principal and the policy preferential interest rate.

(2) If the finance department directly allocates the discounted funds to the Company, the Company will write off against the relevant borrowing costs.

27 Deferred income tax assets and deferred income tax liabilities

Income tax consists of current income tax and deferred income tax. The Company records the current income tax and deferred income tax into the current profit or loss, except for the income tax arising from business combination and transactions or events directly included in the owner's equity (including other comprehensive income).

Deferred income tax assets and deferred income tax liabilities are recognized on the basis of the difference (temporary difference) between the tax base of assets and liabilities and their book value.

The deferred income tax assets for deductible temporary differences shall be recognized up to the taxable income that might be obtained in the future period to set off against the deductible temporary differences. For deductible losses and tax credits that can be carried forward in subsequent years, the deferred income tax assets are recognized up to the taxable income that might be obtained in the future period to set off against the deductible loss and tax credits.

Taxable temporary differences are recognized as deferred income tax liabilities unless any special circumstance exists.

The special circumstances under which deferred income tax assets or deferred income tax liabilities are not recognized include:

• initial recognition of goodwill;

• other transactions or events which are not classified as business combination, and do not affect the accounting profit or taxable income (deductible loss) at the occurrence.

For the taxable temporary differences associated with the investments in subsidiaries, associates and joint ventures, deferred income tax liabilities are recognized unless the Company is able to control the reversal time of the temporary difference and it is likely that the temporary difference will not be reversed in the foreseeable future. For the deductible temporary difference associated with the investment in subsidiaries, associates and joint ventures, when the temporary difference is likely to be reversed in the foreseeable future and it is likely to obtain the taxable income for offsetting the deductible temporary difference in the future, deferred income tax assets are recognized.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured at the tax rate applicable to the period that the relevant assets are expected to be recovered or the relevant liabilities are expected to be discharged according to the tax laws.

On the balance sheet date, the Company reviews the book value of the deferred income tax assets. If it is highly unlikely to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets are written down. If it is likely to obtain sufficient taxable income, the amount written down is reversed.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:(a) has a legally enforceable right to set off the recognized amounts; and(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

On the balance sheet date, the deferred income tax assets and the deferred income tax liabilities are presented in the net amount after offset when the following conditions are all satisfied:

• the tax entity has a legally enforceable right to set off current tax assets against current tax liabilities;

• the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity; or different taxable entities which intend either to settle current tax liabilities and assets or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

28 Lease

"Lease" means the contract that the Lessor provides a Lessee with the right of use of an asset in return for the consideration within the agreed time limit. At the contract commencement date, the Company evaluates whether the contract is or contains a lease. If, under the contract, one party transfers the right of control over the use of one or more identified assets within the agreed time limit in return for the consideration, the contract is or contains a lease

Where the contract contains several separate leases, the Company splits the contract and accounts for each lease separately. If the contract consists of both lease and non-lease parts, the lessee and the lessor split the lease part from the non-lease part.

1. the Company is the lessee

(1) Right of use assets

At the commencement date of the lease period, the Company recognizes right of use assets for the leases other than short-term leases and low value asset leases. The right of use assets are initially measured at cost, including:

- Initially measured amount of lease liabilities;
- Lease payments paid on or before the commencement date of lease period, from which the lease incentive (if any) related amount enjoyed already shall be deducted;
- Initial direct expenses incurred by the Company;
- The costs expected to be incurred by the Company to dismantle and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the condition agreed under the

lease terms, excluding the costs incurred for production of inventories.

Subsequently the Company makes depreciation provision for the right of use assets by using the straight-line method. If it can be reasonably determined that the ownership of the leased asset can be obtained upon expiry of the lease term, the Company makes provision for depreciation over the remaining useful life of the leased asset. Otherwise, the Company makes provision for depreciation over the lease term or the remaining useful life of the leased asset, whichever is shorter.

The Company determines whether the right of use assets suffer from impairment, and conducts accounting treatment of the identified impairment losses according to the principles described in "(20) Impairment of long-term assets" of note 3.

(2) Lease liabilities

At the commencement date of the lease period, the Company recognizes lease liabilities for the leases other than short-term leases and low value asset leases. Lease liabilities are initially measured at the present value of unpaid lease payments. Lease payments include:

- Fixed payment (including substantial fixed payment), from which the lease incentive (if any) related amount shall be deducted;
- Variable lease payments (based on index or ratio);
- The amount expected to be paid according to the residual value of the guarantee provided by the Company;
- Price for exercise of purchase option, provided that it is reasonably determined that the Company will exercise the option;
- Amount to be paid for exercise of lease termination option, provided that the lease term reflects that the Company will exercise the lease termination option.

The Company takes the interest rate implicit in lease as the discount rate. If it is impossible to determine the interest rate implicit in lease reasonably, the incremental borrowing interest rate of the Company is taken as the discount rate.

The Company calculates the interest expense of the lease liabilities in each period of the lease term on the basis of fixed periodic interest rate and includes it into the current profit and loss or the cost of relevant assets.

Variable lease payments not included in the measurement of lease liabilities are included in the current profit and loss or the cost of relevant assets when they are actually incurred.

After the commencement date of the lease period, the Company re-measures the lease liabilities and adjusts the corresponding right of use assets if the following conditions occur. If the lease liabilities need to be further reduced after the book value of the right of use assets has been reduced to zero, the difference is included into the current profit or loss:

- □ When the evaluation results of purchase option, renewal option or termination option have changed, or the actual exercise results of the above options are inconsistent with the original evaluation results, the Company re-measures the lease liabilities at the present value calculated based on the lease payments after change and the discount rate after revision;
- □ When the substantially fixed payment amount changes, the expected payable amount of the residual value of guarantee changes, or the index or ratio used to determine the lease payment amount changes, the Company re-measures the lease liabilities at the lease payment amount after change and the present value calculated at the original discount rate, provided that the present value is calculated based on the discount rate after revision if the change of lease payment is resulting from the change of floating interest rate.

(3) Short-term lease and low-value asset leases

The Company does not recognize right of use assets and lease liabilities for short-term leases and low-value asset leases, and records the relevant lease payments into the current profit and loss or cost of relevant asset using the straight-line method in each period of the lease term.

Short term lease refers to a lease under which the lease term is no more than 12 months since the commencement date of the lease term and the option of purchase is not granted. Low value asset lease refers to a lease under which the single leased asset has low value when it is a brand-new asset. Where the Company sub-leases or is expected to sublease the leased assets, the original lease is not considered as low-value asset lease.

(4) Change of lease

When the lease changes and meets the following conditions, the Company treats the change as a separate lease for accounting:

- The scope of lease is expanded because the rights of use over one or more leased assets were added as a result of such change;

- The increase in the consideration is equivalent to the amount of the separate price of the expanded part of the scope of lease that is adjusted as per the contract.

If the lease change is not taken as a separate lease for accounting, on the effective date of the lease change, the Company re-allocates the consideration of the contract after change, re-determines the lease period, and re-measures the lease liabilities based on the present value calculated on the basis of the lease payments after change and the discount rate after revision.

If, as a result of the lease change, the scope of lease is reduced or the lease period is shortened, the Company will reduce the book value of the right of use assets accordingly, and record the gains or losses from partial or wholly termination of the lease into the current profit and loss. If the lease liabilities are re-measured due to other lease changes, the Company will adjust the book value of the right of use assets accordingly.

2 The Company is the lessor

At the commencement date of the lease, the Company classifies the leases into financial lease and operating lease. A financial lease is a lease that essentially transfers all risks and rewards related to the ownership of an asset. The ownership may eventually be transferred or may not be transferred. Operating leases refer to leases other than financial leases. When the Company is the sub-lessor, it classifies the subleases based on the right of use assets generated from the original lease.

(1) Accounting of operating lease

Lease receivables from operating leases are recognized as rent income on a straight-line basis in each period of the lease term. The Company capitalizes the initial direct expenses related to operating leases, and allocates them into the current profit and loss on the same basis as that for the recognition of rent income during the lease term. Variable lease payments not included in the lease receivables are recorded into the current profits and losses when they are actually incurred. When the operating lease changes, the Company accounts for the change as a new lease since the effective date of the change, and the lease receivables received in advance or to be receivable related to the lease before the change are deemed as the receivables of the new lease.

(2) Accounting of financial lease

At the commencement date of the lease, the Company recognizes financial lease receivables for the financial lease and de-recognizes the financial lease assets. At initial measurement of the financial lease receivable, the Company takes the net lease investment as the entry value of the financial lease receivable. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receivables not received yet on the commencement date of the lease term that is discounted at the interest rate implicit in lease.

The Company calculates and recognizes the interest income of each period in the lease term at the fixed periodic interest rate. The accounting for de-recognition and impairment of financial lease receivable shall comply with "10 Financial Instruments" of note 3.

Variable lease payments not included in the measurement of net lease investment are recorded into the current profit and loss when they are actually incurred.

If the financial lease changes and meets the following conditions, the Company will treat the change as a separate lease for accounting treatment:

□• The scope of lease is expanded because the rights of use over one or more leased assets were added as a result of such change;

□• The increase in the consideration is equivalent to the amount of the separate price of the expanded part of the scope of lease that is adjusted as per the contract.

If the change of financial lease is not taken as a separate lease for accounting treatment, the Company will treat the lease after change differently as follows:

□• If the change becomes effective on the lease commencement date and the lease will be classified as an operating lease, the Company will treat it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased asset;

□• If the change becomes effective on the lease commencement date and the lease will be classified as a financial lease, the Company will carry out accounting treatment according to the policies about contract modification or renegotiation in "10 Financial Instruments" of note 3.

3. **Sale and lease back**

The Company evaluates to determine whether the asset transfer under the sale and leaseback transaction is a sale according to the principles stated in "24 Revenue" of note 3.

(1) As the lessee

If the asset transfer under the sale and leaseback transaction is sale , the Company, as the lessee, measures the right of use assets formed from the sale and leaseback based on the part of the book value of the original assets that is related to the right of use obtained from leaseback, and recognizes relevant gains or losses only for the rights transferred to the lessor. If the asset transfer under the sale and leaseback transaction is not sale, the Company, as the lessee, continues to recognize the transferred asset and it also recognizes a financial liability in the same amount as the transfer income. Accounting treatment of financial liabilities is described in "10 Financial Instruments" of note 3.

(2) As the lessor

If the asset under the sale and leaseback transaction is sale, the Company accounts for the purchase of assets as the lessor and in accordance with the policy stated in "2. The Company is the lessor" above. If the asset transfer under the sale and leaseback transaction is not sale, the Company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset in the same amount as the transfer income. Accounting treatment of financial assets is described in "10 Financial Instruments" of note 3.

29 Discontinued Operation

Discontinued operation: A component of an entity that satisfies one of the following conditions and could be clearly distinguished from the rest of the entity has either been disposed of, or is classified as held for sale, and

(1) It represents a separate major line of business or geographical area of operations;

(2) It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or

(3) It is a subsidiary acquired exclusively with a view to resale.

Profits and losses from continued operations and profits and losses from discontinued operations are presented separately in the income statement. Operating profit and loss of discontinued operation, such as impairment loss, and reversed amount, and disposal profit and loss are presented as discontinued operation profit and loss. For the discontinued operation reported in the current period, the Company will report the information originally reported as the profit and loss of continued operation as the profit and loss of discontinued operation in the comparative accounting period in the current financial statements.

30. Changes in significant accounting policies and accounting estimates

1. Changes in significant accounting policies

(1) Implementation of the *No. 15 Interpretation of Accounting Standards for Business Enterprises.*

On December 30, 2021, the Ministry of Finance issued *No.15 Interpretation of Accounting Standard for Business Enterprises* (CK [2021]No.35, hereinafter referred to as "No. 15 Interpretation")

① Accounting treatment for sale of products in test run stage

No. 15 Interpretation stipulated the accounting treatment and presentation of the external sale of the fixed assets before reaching the intended usable status or the products and by-products produced during the research and development process. It stipulated that the revenue from the sale of products in test run stage, net of the cost, may not be used to offset the cost of fixed assets or research and development expenditures. No. 15 Interpretation came into force as of January 1, 2022, and required retrospective adjustment to the sale of products in test run stage that occurred between the beginning of the earliest period of financial statements and January 1, 2022. The implementation of No.15 Interpretation has no significant impact on the Company's financial conditions and operating results.

② Identification of onerous contract

It is explicitly stipulated in No. 15 Interpretation that to identify whether a contract constitutes an onerous contract, "the cost of performing the contract" considered shall include the incremental cost of performing the contract and the allocated amount of other costs directly related to performing the contract. No.15 Interpretation came into force as of January 1, 2022 and applied to all contracts which have not been performed fully as of January 1, 2022. For the cumulative impact, the retained earnings at the beginning of the year in which the interpretation is implemented and other related financial statement items shall be adjusted, while the comparative financial statement data in the previous periods is not adjusted. The implementation of No. 15 Interpretation has no significant impact on the Company's financial condition and operating results.

(2) Implementation of *No.16 Interpretation of Accounting Standards for Business Enterprises*

On November 30, 2022, the Ministry of Finance issued *No.16 Interpretation of Accounting Standards for Business Enterprises* (CK[2022]No.31, hereinafter referred to as No.16 Interpretation)

① Accounting treatment for income tax impact of the dividends of financial instruments classified as equity instruments by the issuer

It is stipulated in No. 16 Interpretation that for the financial instruments classified as equity instruments by the enterprise, if the relevant dividend expenses are deducted before the corporate income tax in accordance with relevant tax policies, the income tax impact related to the dividends should be recognized when the dividend payable is recognized, and the income tax impact of the dividends shall be included in the items of current profit or loss or the owners' equities (including other comprehensive income items) in a way of accounting treatment that is consistent with that for the past transactions or events that generated distributable profits.

No. 16 Interpretation was implemented since the date of issue. For the relevant dividends payable that occurred between January 1, 2022 and the date of implementation, adjustment shall be made according to No.16 Interpretation. For the relevant financial instruments that occurred but were not de-recognized before January 1, 2022, retroactive adjustment shall be made. The implementation of No.16 Interpretation has no significant impact on the Company's financial conditions and operating results.

③ Accounting treatment for the share-based payment changed from settlement by cash to settlement by equity

It is explicitly stipulated in No. 16 Interpretation that, if the enterprise modifies the terms and conditions of the agreement and changes the share based payment by cash to that by equity, then on the modification date (whether occurring during or after the waiting period), the share-based payment settled by equity shall be measured at the fair value on the date of modification of the granted equity instrument, the services obtained shall be included in the capital reserve, and the liabilities of the share-based payment settled by cash recognized on the modification date shall be de-recognized, with the difference between the two being included in the current profit and loss.

No.16 Interpretation was implemented as of the date of issue, and adjustment shall be made for the relevant transactions occurring between January 1, 2022 and the date of implementation. For the relevant transactions that occurred before January 1, 2022 but were not accounted for according to No. 16 Implementation, retroactive adjustment shall be made. For the accumulative impact, the retained earnings on January 1, 2022 and other related items shall be adjusted, and the comparative financial statement data shall not be adjusted. The implementation of No. 16 Interpretation has no significant impact on the Company's financial condition and operating results.

2. **Changes in important accounting estimates**

There was no change in the company's main accounting estimates during the reporting period.

IV. Taxation

1. Main tax type and rate

Tax Type	Tax Basis	Tax Rate
VAT	Income from sales of goods and taxable services calculated according to the tax law, with the allowable input tax amount in the current period deducted.	13%, 9%, 6%, 5%, 3%
Urban maintenance and construction tax	Actually paid VAT amount	7%, 5%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Corporate income tax	Taxable income	25%, 20%
Land appreciation tax	Added value amount generated from paid transfer of the state-owned land use right and the property rights over the ground buildings and other attachments. For the income from pre-selling of houses, the tax shall be based on the tax rate stipulated in the place where the house is located.	Calculated and paid in 4 levels of extra progressive tax rates (30-60). For provisional tax rate, local regulations in the place where the house is located shall apply.
Property tax	Valorem property tax: 1.2% of the original value of property less 30.00%; Rent-based property tax: 12%.	1.2%, 12%
Gold tax	Gold sales	3%
ROYALTY	Gold sales	3%

According to notice of the Ministry of Mineral Resources of Fiji in May 2018, VATUKOULA GOLD MINES LIMITED is required to pay the royalty at 3% of the gold sales to the Ministry of Mineral Resources.

Disclosure of any other taxpayer to which any other income tax rate may apply.

Taxpayer	Income Tax Rate
VATUKOULA GOLD MINES LIMITED (UK))	20%

2. Preferential tax

None.

V. Notes to Major Items of Consolidated Financial Statements

1. Monetary funds

Item	Closing Balance	Closing Balance of last year
Cash on hand	13,102.48	26,779.61
Digital currency		
Cash in bank	4,743,672.28	6,188,226.31
Other monetary funds	3,064,041.71	3,954,284.53
Total	7,820,816.47	10,169,290.45
Including: Total amount deposited abroad	5,906,869.55	5,876,983.39
Deposit with financial company		

The monetary funds of which the use is restricted due to mortgage, pledge, or freezing, withdrawal is limited due to centralized capital management, or the repatriation is restricted as deposited abroad are detailed as follows:

Item	Closing Balance	Closing Balance of Last Year
Performance bond	1,064,144.53	2,032,620.00
Frozen funds	497,948.36	1,964,004.88
Fixed deposit	1,999,897.18	1,921,664.53
Total	3,561,990.07	5,918,289.41

Additional notes:

(1) For details on the restricted monetary funds, refer to Note V (54)"Assets with Restricted Ownership or Use Right".

(2) For details on the foreign-currency monetary funds, refer to Note V (55) "Foreign-currency monetary items".

2. Accounts receivable

1) Accounts receivable by account age

Account age	Closing Balance	Closing Balance of last year
Within 1 year	15,594,422.09	4,827,101.38
1-2 years	3,245,067.00	4,658.00
2-3 years	4,658.00	11,520.00
3-4 years	11,520.00	41,005.00
4-5 years	30,875.00	590,588.00
Over 5 years	15,329,472.05	15,329,472.05
Subtotal	34,216,014.14	20,804,344.43
Less: bad debt provision	16,450,437.45	15,822,133.62
Total	17,765,576.69	4,982,210.81

2) Accounts receivables by bad debt provision method:

Category	Closing balance					Closing balance of last year				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision made by single item										
Bad debt provision made by combination	34,216,014.14	100.00	16,450,437.45	48.08	17,765,576.69	20,804,344.43	100.00	15,822,133.62	76.05	4,982,210.81
Including:										
Account age analysis combination	34,216,014.14	100.00	16,450,437.45	48.08	17,765,576.69	20,804,344.43	100.00	15,822,133.62	76.05	4,982,210.81
Total	34,216,014.14	100.00	16,450,437.45		17,765,576.69	20,804,344.43	100.00	15,822,133.62		4,982,210.81

Bad debt provision made by single item:

None.

Bad debt provision made by combination:

Item	Closing Balance		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	15,594,422.09	779,721.10	5.00
1-2 years	3,245,067.00	324,506.70	10.00
2-3 years	4,658.00	931.60	20.00
3-4 years	11,520.00	3,456.00	30.00
4-5 years	30,875.00	12,350.00	40.00
Over 5 years	15,329,472.05	15,329,472.05	100.00
Total	34,216,014.14	16,450,437.45	

3) Bad debt provisions made, reversed or recovered in this period:

Category	Closing Balance of Last Year	Change in current period			Closing Balance
		Provision	Reversed or Recovered	Transferred or Written-off	
Account age analysis combination	15,822,133.62	867,578.04		239,274.20	16,450,437.46
Total	15,822,133.62	867,578.04		239,274.20	16,450,437.46

4) Accounts receivable written off in this period

None.

5) Top five accounts receivable by closing balance classified by debtor

Name	Closing Balance		
	Accounts Receivable	Proportion in Total of Accounts Receivable (%)	Bad Debt Provision
Zibo Zhongrun Xinmate Co., Ltd.	17,204,162.82	50.28	9,689,499.52
Zibo Shengmingjiatong Trading Co., Ltd.	6,014,020.00	17.58	398,691.70
Natural person 1	3,479,610.49	10.17	3,479,610.49
Natural person 2	1,638,063.00	4.79	81,903.15
Natural person 3	1,627,939.00	4.76	81,396.95
Total	29,963,795.31	87.58	13,731,101.81

6) Accounts receivable de-recognized due to transfer of financial assets

None.

7) Amounts of assets and liabilities formed due to transfer and continued involvement of accounts receivable

None.

3 Advance payment

(1). Advance payment by account age

Account age	Closing Balance		Closing Balance of Last Year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	11,487,697.21	77.43	13,823,664.27	88.54
1-2 years	2,603,021.74	17.54	729,695.20	4.67
2-3 years	138,359.87	0.93	511,309.75	3.28
Over 3 years	607,750.38	4.10	547,381.88	3.51
Total	14,836,829.20	100.00	15,612,051.10	100.00

(2). Top five advance payments by closing balance classified by payee

Payee	Closing Balance	Proportion in Total of Closing Balance of Advance Payments (%)
BOART LONGYEAR PTY LTD	2,384,849.62	16.07
ZERODAY ENTERPRISES,LLC	724,069.90	4.88
RATTANS CIVIL CONTRACTORS LTD	531,411.98	3.58
LUOYANG INDUSTRY COOP. LTD	496,090.39	3.34
IRAETA ENERGY EQUIPMENT CO., LTD.	495,513.11	3.34
Total	4,631,935.00	31.21

4 Other receivables

Item	Closing Balance	Closing Balance of Last Year
Interest receivable		
Dividend receivable		
Other receivables	113,165,794.74	39,411,484.35
Total	113,165,794.74	39,411,484.35

1) Interest receivable

None.

2) Dividend receivable

None.

3). Other receivables

(1) By account age

Account age	Closing balance	Closing Balance of Last Year
Within 1 year	108,717,201.55	9,928,244.54
1-2 years	5,319,151.80	11,093,933.07
2-3 years	5,939,397.12	27,786,194.21
3-4 years	22,161,121.05	476,682.46
4-5 years	410,209.65	4,139,406.14

Account age	Closing balance	Closing Balance of Last Year
Over 5 years	690,088,287.09	693,297,390.25
Subtotal	832,635,368.26	746,721,850.67
Less: Bad debt provision	719,469,573.52	707,310,366.32
Total	113,165,794.74	39,411,484.35

(2) Classified disclosure by bad debt provision method:

Category	Closing Balance					Closing Balance of Last Year				
	Book Balance		Bad Debt Provision		Book value	Book Balance		Bad Debt Provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision made separately by single item	691,526,832.35	83.05	691,526,832.35	100.00		625,855,722.02	83.81	625,855,722.02	100.00	
Including:										
In significant single amount with bad debt provision made by single item	691,526,832.35	83.05	691,526,832.35	100.00		625,855,722.02	83.81	625,855,722.02	100.00	
Bad debt provision made by combination	141,108,535.91	16.95	27,942,741.17	19.80	113,165,794.74	120,866,128.65	16.19	81,454,644.30	67.39	39,411,484.35
Including:										
Other accounts receivable with bad debt provision made by combination based on credit risk characteristics	141,108,535.91	16.95	27,942,741.17	19.80	113,165,794.74	120,866,128.65	16.19	81,454,644.30	67.39	39,411,484.35
Total	832,635,368.26	100.00	719,469,573.52		113,165,794.74	746,721,850.67	100.00	707,310,366.32		39,411,484.35

Bad debt provision made by single item:

Name	Closing Balance			
	Book balance	Bad debt provision	Proportion (%)	Reason
Qilu Real Estate Co., Ltd.	64,406,155.04	64,406,155.04	100.00	Expected to be not recoverable
PESI Co., Ltd.	47,933,803.74	47,933,803.74	100.00	
Li Xiaoming	560,335,147.00	560,335,147.00	100.00	Expected to be not recoverable
Zibo Branch of Shandong Huicheng Construction Co., Ltd.	13,322,743.47	13,322,743.47	100.00	
Shandong Xincheng Construction Co., Ltd. By Shares	5,528,983.10	5,528,983.10	100.00	
Total	691,526,832.35	691,526,832.35		

Bad debt provision made by combination:

Name	Closing Balance		
	Other Receivables	Bad Debt Provision	Proportion (%)
Within 1 year	108,717,201.55	5,435,860.16	5.00
1-2 years	5,319,151.80	531,915.18	10.00
2-3 years	5,939,397.12	1,187,879.42	20.00
3-4 years	142,247.48	42,674.24	30.00
4-5 years	410,209.65	164,083.86	40.00
Over 5 years	20,580,328.31	20,580,328.31	100.00
Total	141,108,535.91	27,942,741.17	

3) Bad debt provision

Bad debt Provision	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (without credit impairment)	Expected credit loss for the entire duration (with credit impairment)	
Closing balance of last year	6,725,349.38		700,585,016.94	707,310,366.32
Last year closing balance in this period				
--Transfer to phase 2				
--Transfer to phase 3	-3,770,345.31		3,770,345.31	
--Transfer				

back to phase 2				
--Transfer back to phase 1				
Provision in current period	7,737,900.50		14,188,690.28	21,926,590.78
Transfer back in current period			292,616.24	292,616.24
Charge off in current period	2,932,679.25			2,932,679.25
Write-off in in current period			53,654,088.09	53,654,088.09
Other change			47,112,000.00	47,112,000.00
Closing balance	7,760,225.32		711,709,348.20	719,469,573.52

Other change in phase 3 of this period mainly refers to the added bad debt provision of RMB 47,112,000.00 caused by the change in exchange rate at the end of the period of the creditor's right to Li Xiaoming.

Changes in the book balance of other receivables are as follows:

Book Balance	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (without credit impairment)	Expected credit loss for the entire duration (with credit impairment)	
Closing balance of last year	45,795,615.94		700,926,234.73	746,721,850.67
Last year closing balance in this period				
--Transfer to phase 2				
--Transfer to phase 3	-18,851,726.57		18,851,726.57	
--Transfer back to phase 2				
--Transfer back to phase 1				
Increase in current period	108,352,767.35		92,990,091.23	201,342,858.58
De-recognition in current period	14,370,636.66		53,946,704.33	68,317,340.99
Other change			47,112,000.00	47,112,000.00
Closing balance	120,926,020.06		711,709,348.20	832,635,368.26

4) Bad debt provisions made, transferred back, or recovered in this period:

Category	Closing Balance of Last Year	Change in Current Period				Closing Balance
		Provision	Recovered or Transferred Back	Charge-off or write-off	Other Changes	
Other receivables in significant single amount with bad debt provision by single item	625,855,722.02	15,081,381.26	292,616.24		50,882,345.31	691,526,832.35
Other receivable with bad debt provision made by combination based on credit risk characteristics	81,454,644.30	6,845,209.52		56,586,767.34	-3,770,345.31	27,942,741.17
Total	707,310,366.32	21,926,590.78	292,616.24	56,586,767.34	47,112,000.00	719,469,573.52

Note: the influenced amount of bad debt provision due to translation of foreign-currency financial statements in this period is RMB14,360.81.

(5) Other receivables actually written off in this period

Item	Amount Written Off
Other receivables written off	53,654,088.09

Writing-off of important other receivables:

Company Name	Nature of Other Receivables	Amount Written Off	Reason for Writing-off	Procedures Followed	Whether the amount incurs for related transactions?
Shanghai Xuxin Import & Export Co., Ltd.	Account current	30,000,000.00	Disposal of overdue debt	BOD approval	No
Huzhou Hongtai Import & Export Co., Ltd.	Account current	15,000,000.00	Disposal of overdue debt	BOD approval	No
Zhejiang Ruisen Paper Co., Ltd.	Account current	7,874,457.20	Disposal of overdue debt	BOD approval	No
Total		52,874,457.20			

6) Other receivables classified by nature

Type	Closing Book Balance	Closing Book Balance last year
Receivables from transfer of shares and creditor's rights	164,406,155.04	64,406,155.04
Receivables in account current	56,037,954.99	111,020,303.71
Earnest money	560,335,147.00	513,223,147.00
Iron ore construction fee and capital occupation fee	47,933,803.74	48,226,419.98
Deposits and margins	2,871,903.42	8,434,839.07
Borrowings from pretty cash	234,831.23	611,892.28
Amounts received or paid on behalf	815,572.84	799,093.59
Total	832,635,368.26	746,721,850.67

7) Top five other receivables by closing balance classified by debtor

Debtor	Nature of Receivables	Closing Balance	Account Ageing	Proportion in Total Closing Balance of Other Receivables (%)	Bad Debt Provision Closing Balance
Li Xiaoming	Earnest money	560,335,147.00	3-4 years: 3,167,147.00 Over 5 years: 557,168,000.00	67.30	560,335,147.00
Zijin Mining South Investment Co., Ltd.	Transfer of shares	100,000,000.00	Within 1 year	12.01	5,000,000.00
Qilu Real Estate Co., Ltd.	Transfer of shares and creditor's rights	64,406,155.04	Over 5 years	7.74	64,406,155.04
PSEI Co., Ltd.	Iron ore construction fee and capital occupation fee	47,933,803.74	Over 5 years	5.76	47,933,803.74
Zibo Jinquan Building Ceramics Co., Ltd.	Account current with non-affiliates	17,053,644.01	Over 5 years	2.05	17,053,644.01
Total		789,728,749.79		94.86	694,728,749.79

8) Other receivables involved in government subsidy

None.

5 Inventories

1) Classification of inventories

Item	Closing Balance			Closing Balance of last year		
	Book Balance	Inventory depreciation provision/impairment provision for contract performance cost	Book Value	Book Balance	Inventory depreciation provision/Provision for impairment of contract performance cost	Book Value
Raw materials	63,709,716.01	4,831,789.01	58,877,927.00	62,031,666.19	4,803,132.09	57,228,534.10
Unfinished products	33,349,769.32		33,349,769.32	14,066,500.52		14,066,500.52
Development products	116,264,833.67	20,243,057.39	96,021,776.28	131,926,763.07	22,767,481.84	109,159,281.23
Total	213,324,319.00	25,074,846.40	188,249,472.60	208,024,929.78	27,570,613.93	180,454,315.85

(1) Development products

Project name	Completion date	Closing Balance of last year	Increase in current period	Decrease in current period	Closing balance
Huaqiao City Phase 1	July 2006	161,499.84			161,499.84
Huaqiao City Phase 3	July 2008	5,711,556.96		85,015.48	5,626,541.48
Huaqiao City Phase 4	December 2010	9,883,322.14		592,593.50	9,290,728.64
Huaqiao City Phase 5	June 2012	7,443,517.13		119,282.47	7,324,234.66
Huaqiao City Phase 6	December 2019; March, 2021	108,726,867.00	5,058,210.52	19,923,248.47	93,861,829.05
Huaqiao City Phase 7	July 2021		79,321.69	79,321.69	
Total		131,926,763.07	5,137,532.21	20,799,461.61	116,264,833.67

2) Depreciation provision for inventories

Item	Closing Balance of last year	Increase in the Current Period		Decrease in the Current Period		Closing Balance
		Provision	Other	Transferred Back or Written-off	Others	
Raw materials	4,803,132.09		190,447.73	161,790.81		4,831,789.01
Development products	22,767,481.84	5,782,252.89		8,306,677.34		20,243,057.39
Total	27,570,613.93	5,782,252.89	190,447.73	8,468,468.15		25,074,846.40

6 Contractual assets

1) Information of contractual assets

Item	Closing Balance			Closing Balance of Last Year		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value

Item	Closing Balance			Closing Balance of Last Year		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Gold sale contract	2,068,195.94	103,409.77	1,964,786.17	6,182,906.78	309,145.33	5,873,761.45
Total	2,068,195.94	103,409.77	1,964,786.17	6,182,906.78	309,145.33	5,873,761.45

2) Disclosure of contractual assets classified by impairment provision method

Type	Closing Balance					Closing Balance of Last Year				
	Book balance		Impairment provision		Book value	Book balance		Impairment provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Impairment provision made by single item										
Impairment provision made by combination	2,068,195.94	100.00	103,409.77	5.00	1,964,786.17	6,182,906.78	100.00	309,145.33	5.00	5,873,761.45
Including:										
Impairment provision made by combination	2,068,195.94	100.00	103,409.77	5.00	1,964,786.17	6,182,906.78	100.00	309,145.33	5.00	5,873,761.45
Total	2,068,195.94	100.00	103,409.77		1,964,786.17	6,182,906.78	100.00	309,145.33		5,873,761.45

Impairment provision made by single item

None

Impairment provision made by combination

Items with the impairment provision made by combination

Item	Closing Balance		
	Contractual Assets	Impairment Provision	Proportion (%)
Contractual assets with the bad debt provision made by combination based on credit risk characteristics	2,068,195.94	103,409.77	5.00
Total	2,068,195.94	103,409.77	

3) Impairment provision for contractual assets in this period

Item	Closing Balance of Last Year	Provision Made	Transferred Back	Charged/written-off	Closing Balance	Reason
Contractual assets with the bad debt provision made by combination based on credit risk characteristics	309,145.33	103,409.77		309,145.33	103,409.77	
Total	309,145.33	103,409.77		309,145.33	103,409.77	

Note: The influenced amount of bad debt provision due to translation of foreign-currency financial statements in this period is RMB 8,318.89.

7. Held for sale assets

Type	Closing Balance	Closing Balance of Last Year
Assets classified as held for sale		80,503,641.09
Total		80,503,641.09

8 Other non-current assets due within one year

Item	Closing balance	Closing Balance of Last Year
Debt investment due within one year	4,013,288.89	4,013,288.89
Total	4,013,288.89	4,013,288.89

9. Other current assets

Item	Closing Balance	Closing Balance of Last Year
Tax on pre-received house prices	964,194.32	964,194.32
VAT to be refunded	15,589,865.67	8,097,166.63
Deductible VAT	21,781,079.02	22,845,954.95
Total	38,335,139.01	31,907,315.90

10. Long-term equity investment

Investee	Closing Balance of last year	Increase/decrease in this Period								Closing Balance	Closing Balance of Impairment Provision
		Additional Investment	Decreased Investment	Investment Gains/Loss Recognized in Equity Method	Adjustment of Other Comprehensive Income	Changes in Other Equity	Declared Cash Dividend or Profit	Impairment Provision Made	Others		
1. Joint venture											
Goldbasin Mining (Fiji) pte Limited	25,763,099.01								1,038,311.62	26,801,410.63	
PANGEA GOLD MINING(FIJI) PTE LIMITED	16,362,349.89			3,689,065.91					730,796.24	20,782,212.04	
Total	42,125,448.90			3,689,065.91					1,769,107.86	47,583,622.67	

Notes:

(1) According to the Joint Venture Agreement entered into by the subsidiaries VGML and Marvel Dragon, Marvel Dragon, a shareholder of Goldbasin Mining (Fiji) Pte. Limited, shall bear all expenses incurred for the "mining rights" and "exploration" during the "exploration period" on its own, until the completion date or the early termination of the agreement, whichever comes earlier. As of December 31, 2022, Goldbasin Mining (Fiji) Pte Limited was in the exploration period, and investment gains and losses were not recognized in the current period;

(2) "Others" under the "Increase/decrease in this period" mainly refers to the influences caused by differences from translation of foreign-currency financial statements.

11. Other equity instrument investment

1) Investment in other equity instrument

Item	Closing Balance	Closing Balance of Last Year
Non-trading equity instrument investments measured at fair value with the changes included in other comprehensive income	2,312,324.98	3,753,452.39
Total	2,312,324.98	3,753,452.39

2) Investment in non-trading equity instrument

Item	Dividend income recognized in the current period	Cumulative gain	Cumulative loss	Amount transferred from other comprehensive income to retained earnings	Reasons for designation of measurement at fair value with changes included in other comprehensive income	Reasons for transferring other comprehensive income to retained income
Non-trading equity instrument investments measured at fair value with the changes included in other comprehensive income			58,581,942.88			

Additional notes: The gains from the changes in fair value (RMB -1,441,127.41) for the current period are recorded in other comprehensive income. As of December 31, 2022, the cumulative loss recorded in other comprehensive income was RMB 58,581,942.88, and the remaining amount was the Company's cumulative impairment loss included in the profit and loss in the previous periods.

12. Investment property

1) Investment property measured at cost

Item	Houses and Buildings	Total
1. Original book value		
(1) Closing balance of last year	758,892,408.74	758,892,408.74
(2) Increase in this period	11,559,594.36	11,559,594.36
- Transfer from development products	11,559,594.36	11,559,594.36
(3) Decrease in this period		
- Disposal		
(4) Closing balance	770,452,003.10	770,452,003.10
2. Accumulated depreciation and accumulated amortization		
(1) Closing balance of last year	124,930,217.80	124,930,217.80

Item	Houses and Buildings	Total
(2) Increase in this period	30,649,055.90	30,649,055.90
- Accrual or amortization	30,649,055.90	30,649,055.90
(3) Decrease in this period		
- Disposal		
(4) Closing Balance	155,579,273.70	155,579,273.70
3. Impairment provision		
(1) Closing balance of last year		
(2) Increase in this period		
- Accrual		
(3) Decrease in this period		
- Disposal		
(4) Closing Balance		
4. Book value		
(1) Closing book value	614,872,729.40	614,872,729.40
(2) Closing book value of last year	633,962,190.94	633,962,190.94

2) Investment property of which the title certificate was not obtained

Item	Book value	Reasons for not getting the title certificate
Zhonghan Commercial Plaza Tower A-No. 205, Zhuhai Road	42,925,869.60	The transferred-in property to offset debt as ordered by court needs to clear the formalities of completion acceptance, fire protection acceptance, and comprehensive filing acceptance. The relevant procedures are pending now.
Zhonghan Commercial Plaza Tower B-No. 207 Zhuhai Road	43,840,940.40	The transferred-in property to offset debt as ordered by court needs to clear the formalities of completion acceptance, fire protection acceptance, and comprehensive filing acceptance. The relevant procedures are pending now.
Kindergarten in western area	9,669,805.37	The procedure is in process.
Underground area of 11-12 blocks	1,576,028.57	The procedure is in process.
Total	98,012,643.94	

In addition to the premises above, the subsidiary Jinan Xingrui Commercial Operation Co., Ltd. ("Jinan Xingrui") also has two properties of which the title certificates are not obtained yet. Details:

Item	Location of Premise	Use	Area (m²)
1	Western area of No.204 block, Zhongrun Century City, No. 13777,Jingshi Road, Lixia District, Jinan	Rent	1,493.39

Item	Location of Premise	Use	Area (m^2)
2	Western area of No.302 block, Zhongrun Century City, No. 13777,Jingshi Road, Lixia District, Jinan	Rent	470.17

The two properties without title certificates above were transferred by Jinan Xingrui to the Company as debt-offsetting assets for the purpose of guaranteeing the integrity of the premises with ownership certificates. These two premises were not identified as illegal by competent authorities and as of December 31, 2022, no mortgage, attachment, or other right restrictions were imposed on them.

13. Fixed Assets

Fixed assets and disposal

Item	Closing Balance	Closing Balance of Last Year
Fixed assets	527,888,839.78	429,876,408.26
Fixed assets disposal		
Total	527,888,839.78	429,876,408.26

(1). Details of fixed assets

Item	Houses and Buildings	Machinery and Equipment	Transportation Vehicles	Tunnels	Total
1. Original book value					
(1) Closing balance of last year	38,876,538.69	274,165,386.48	56,539,611.22	558,385,569.95	927,967,106.34
(2) Increase in this period	38,385,283.68	74,928,405.04	8,424,442.93	76,407,291.73	198,145,423.38
—Purchase	11,543.76	13,009,400.60	6,224,599.45	52,880,237.58	72,125,781.39
—Transferred from construction in process	32,752,638.35	49,759,554.62			82,512,192.97
— Transfer of development products	3,429,160.05				3,429,160.05
— Translation of foreign-currency financial statements	2,191,941.52	12,159,449.82	2,199,843.48	23,527,054.15	40,078,288.97
(3) Decrease in this period		6,109,234.82	2,244,624.64		8,353,859.46
—Disposal or scrapping		6,109,234.82	2,244,624.64		8,353,859.46
—Translation of foreign-currency statements					
(4) Closing Balance	77,261,822.37	342,984,556.70	62,719,429.51	634,792,861.68	1,117,758,670.26
2. Accumulated depreciation					
(1) Closing Balance of last year	13,947,858.62	177,274,058.39	51,224,514.09	234,294,416.74	476,740,847.84
(2) Increase in this period	3,000,310.98	27,786,958.91	4,842,652.50	62,799,543.93	98,429,466.32

Item	Houses and Buildings	Machinery and Equipment	Transportation Vehicles	Tunnels	Total
—Accrual	2,408,891.52	20,342,626.93	2,888,209.33	52,344,444.13	77,984,171.91
—Translation of foreign-currency financial statements	591,419.46	7,444,331.98	1,954,443.17	10,455,099.80	20,445,294.41
(3) Decrease in this period		6,056,665.23	1,443,214.95		7,499,880.18
—Disposal or scrapping		6,056,665.23	1,443,214.95		7,499,880.18
—Translation of foreign-currency statements					
(4) Closing Balance	16,948,169.60	199,004,352.07	54,623,951.64	297,093,960.67	567,670,433.98
3. Impairment provision					
(1) Closing balance of last year	180,367.56	12,657.43	77,465.79	21,079,359.46	21,349,850.24
(2) Increase in this period				849,546.26	849,546.26
—Accrual					
—Translation of foreign-currency financial statements				849,546.26	849,546.26
(3) Decrease in this period					
—Disposal or scrapping					
- Translation of foreign-currency statements					
(4) Closing Balance	180,367.56	12,657.43	77,465.79	21,928,905.72	22,199,396.50
4. Book value					
(1) Closing book value	60,133,285.21	143,967,547.20	8,018,012.08	315,769,995.29	527,888,839.78
(2) Closing Balance of last year	24,748,312.51	96,878,670.66	5,237,631.34	303,011,793.75	429,876,408.26

(2). Fixed assets for which title certificate is not obtained

Item	Book Value	Reasons for not obtaining
Kindergarten in western area	3,343,839.32	In process

14. Construction in process

(1). Construction in process and project materials

Item	Closing Balance	Closing balance of last year
Construction in process	20,272,999.22	85,106,184.84
Project materials		
Total	20,272,999.22	85,106,184.84

(2). Breakdown of construction in process

Item	Closing Balance			Closing Balance of last year		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Mine roads and tailing ponds	1,416,128.00		1,416,128.00	1,416,128.00		1,416,128.00
Expansion and renovation of tailing dam	2,224,822.37		2,224,822.37	33,810,326.68		33,810,326.68
Machinery and equipment not installed yet	16,632,048.85		16,632,048.85	49,879,730.16		49,879,730.16
Total	20,272,999.22		20,272,999.22	85,106,184.84		85,106,184.84

(3). Changes of important construction in process in this period

Item	Budget	Closing balance of last year	Increase in this Period	Transferred to fixed asset in this period	Other decreases in this period	Closing Balance	Proportion of Accumulated Investment in Budget (%)	Completion (%)	Accumulated Amount of Capitalized Interest	Including: Amount of capitalized interest in this period	Rate of Interest Capitalized in This Period	Source of Capital
Mine roads and tailing ponds	2,832,256.00	1,416,128.00				1,416,128.00	50.00	50.00%				Self-raised
Expansion and renovation of tailing dam	35,952,089.56	33,810,326.68	1,167,134.04	32,752,638.35		2,224,822.37	97.29	97.29%				Self-raised
Machinery and equipment not installed yet	79,060,213.54	49,879,730.16	16,511,873.31	49,759,554.62		16,632,048.85	83.98	83.98%				Self-raised
Total		85,106,184.84	17,679,007.35	82,512,192.97		20,272,999.22						

15. Right of use assets

Item	Houses and Buildings	Other Equipment	Total
1 Original book value			
(1) Closing balance of last year	23,965,212.42	67,927.64	24,033,140.06
(2) Increase in this period	10,891,910.80	2,737.63	10,894,648.43
—New lease	10,746,792.65		10,746,792.65
—Translation of foreign-currency financial statements	145,118.15	2,737.63	147,855.78
(3) Decrease in this period	27,114.98		27,114.98
—Disposal	27,114.98		27,114.98
(4) Closing balance	34,830,008.24	70,665.27	34,900,673.51
2. Accumulated depreciation			
(1) Closing balance of last year	13,107,876.63	18,397.06	13,126,273.69
(2) Increase in this period	8,668,831.82	9,574.61	8,678,406.43
—Accrual	8,635,069.40	8,665.56	8,643,734.96
—Translation of foreign-currency statements	33,762.42	909.05	34,671.47
(3) Decrease in this period			
—Disposal			
(4) Closing balance	21,776,708.45	27,971.67	21,804,680.12
3. Impairment provision			
(1) Closing balance of last year			
(2) Increase in this period			
—Accrual			
(3) Decrease in this period			
—Disposal			
(4) Closing balance			
4. Book value			
(1) Closing book value	13,053,299.79	42,693.60	13,095,993.39
(2) Closing book value of last year	10,857,335.79	49,530.58	10,906,866.37

16. Intangible assets

(1). Details of intangible assets

Item	Mining Rights	Exploration Rights	Others	Total
1. Original book value				
(1) Closing balance of last year	138,700,086.74	14,814,854.00	6,555,153.07	160,070,093.81
(2) Increase in this period	5,640,541.21		533,301.10	6,173,842.31
—Acquisition			291,827.68	291,827.68
—Translation of foreign-currency statements	5,640,541.21		241,473.42	5,882,014.63
(3) Decrease in this period				
—Disposal				
—Translation of foreign-currency statements				
(4) Closing balance	144,340,627.95	14,814,854.00	7,088,454.17	166,243,936.12
2. Accumulated amortization				
(1) Closing balance of last year	81,922,851.43		6,431,828.37	88,354,679.80
(2) Increase in this period	12,235,991.13		314,606.65	12,550,597.78

—Accrual	8,764,779.66		78,344.42	8,843,124.08
—Translation of foreign-currency statements	3,471,211.47		236,262.23	3,707,473.70
(3) Decrease in this period				
—Disposal				
—Translation of foreign-currency statements				
(4) Closing Balance	94,158,842.56		6,746,435.02	100,905,277.58
3. Impairment provision				
(1) Closing balance of last year	460,344.46	2,859,054.00		3,319,398.46
(2) Increase in this period	69,164.35			69,164.35
—Accrual				
—Translation of foreign-currency statements	69,164.35			69,164.35
(3) Decrease in this period				
—Disposal				
(4) Closing balance	529,508.81	2,859,054.00		3,388,562.81
4. Book value				
(1) Closing book value	49,652,276.58	11,955,800.00	342,019.15	61,950,095.73
(2) Closing book value of last year	56,316,890.85	11,955,800.00	123,324.70	68,396,015.55

17. Deferred income tax assets and deferred income tax liabilities

(1). Deferred income tax assets not set off

Item	Closing Balance		Closing Balance of Last Year	
	Deductible Temporary Differences	Deferred Income Tax Assets	Deductible Temporary Differences	Deferred Income Tax Assets
Income tax effects on bad debt provision	55,905,859.19	13,976,464.80	40,883,108.59	10,220,777.13
Income tax effects on inventories depreciation provision	20,243,057.39	5,060,764.35	22,767,481.84	5,691,870.46
Income tax effects on pre-received amount	9,389,672.02	2,347,418.00	9,360,024.98	2,340,006.25
Deductible loss	30,137,902.66	7,534,475.66	30,304,735.87	7,576,183.95
Income tax effects on taxes and surcharges	19,783,677.23	4,945,919.31	17,079,104.58	4,269,776.15
Estimated liabilities	5,916,173.73	1,479,043.43	4,080,000.00	1,020,000.00
Total	141,376,342.22	35,344,085.55	124,474,455.86	31,118,613.94

(2). Deferred income tax liabilities not set off

Item	Closing Balance		Closing Balance of last year	
	Taxable Temporary Differences	Deferred Income Tax Liabilities	Taxable Temporary Differences	Deferred income tax liabilities
Rent-free lease	9,743,511.14	2,435,877.79	10,876,025.30	2,719,006.33
Total	9,743,511.14	2,435,877.79	10,876,025.30	2,719,006.33

(3). Breakdown of unrecognized deferred income tax assets

Item	Closing Balance	Closing Balance of Last Year
Deductible loss	77,259,459.36	377,001,100.03
Bad debt provision	680,014,151.78	681,297,143.49
Provision for price falling of inventories	4,831,789.01	1,118,708.14
Impairment provision for intangible assets	3,388,562.81	3,319,398.46
Impairment provision for fixed assets	22,199,396.50	21,349,850.24
Estimated liabilities	103,456,223.34	96,889,556.06
Interest payable	132,613.61	132,613.61
Total	891,282,196.41	1,181,108,370.03

(4). Due dates of deductible loss of unrecognized deferred income tax assets:

Year	Closing Balance	Closing Balance Of last year	Remarks
2022		64,454,703.60	
2023	1,137,168.59	34,686,863.41	
2024	5,362,425.78	71,209,463.47	
2025	2,091,356.68	66,764,206.03	
2026	56,244,606.51	139,885,863.52	
2027	12,423,901.80		
Total	77,259,459.36	377,001,100.03	

18. Other non-current assets

Item	Closing Balance			Closing Balance of Last Year		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Advance payment for equipment	8,227,675.38		8,227,675.38	9,852,483.82		9,852,483.82
Total	8,227,675.38		8,227,675.38	9,852,483.82		9,852,483.82

19. Short-term borrowing

1) Breakdown

Item	Closing Balance	Closing Balance of Last Year
Mortgage borrowing	280,284,411.94	92,191,998.89
Total	280,284,411.94	92,191,998.89

20. Accounts payable

1) Breakdown of accounts payable

Item	Closing Balance	Closing Balance of Last Year
Project payment	69,050,816.53	75,206,237.72
Equipment payment	756,046.60	1,869,709.36
Materials payment	40,888,650.56	56,947,734.45
Other	13,453,699.19	15,126,108.71
Total	124,149,212.88	149,149,790.24

2) Key accounts payable with the account age exceeding one year:

Item	Closing Balance	Reasons for Not Repaying or Carrying Forward
Shandong Baocheng Real Estate Co., Ltd.	29,466,750.88	Settlement not completed yet
Zibo Branch of Sutong Construction Corporation	14,026,248.90	In litigation
Shandong Gaoyang Construction Co., Ltd.	6,057,924.83	Settlement not completed yet
Total	49,550,924.61	

21 Advance receipts

1). Breakdown

Item	Closing Balance	Closing Balance of Last Year
Rent received	2,082,600.00	1,628,669.92
Total	2,082,600.00	1,628,669.92

22. Contractual liabilities

1) Contractual liabilities

Item	Closing Balance	Closing Balance of Last Year
House price received	58,457,287.22	58,266,883.22
Contractual liabilities of metal streaming transactions	13,188,936.75	
Total	71,646,223.97	58,266,883.22

2) Amounts and reasons for significant changes of book value in the report period – house prepayments received

Project Name	Closing Balance	Closing Balance of Last Year	Estimated Completion Date	Proportion of Pre-sale
Huaqiao City Phase 1	99,658.10	99,658.10	2006/7/1	100.00%
Huaqiao City Phase 3	72,262.00	68,707.00	2007/12/1	99.00%
Huaqiao City Phase 4	24,539.00	15,277.00	2010/12/1	99.00%
Huaqiao City Phase 5	63,484.00	31,386.00	2012/6/1	99.00%
Huaqiao City Phase 6	58,050,326.12	58,051,855.12	2021/12/1	98.00%
Huaqiao City Phase 7	147,018.00		2021/10/1	100.00%
Total	58,457,287.22	58,266,883.22		

23 Payroll payable

(1). Breakdown

Item	Closing Balance of Last Year	Increase in This Period	Decrease in This Period	Difference from Translation of Foreign-currency Statements	Closing Balance
Short-term benefits	19,943,312.30	103,220,463.32	106,996,783.98	382,983.92	16,549,975.56
Post-employment benefits – defined contribution plan	957,971.25	13,104,127.17	13,196,582.13	36,553.42	902,069.71
Termination benefits					
Total	20,901,283.55	116,324,590.49	120,193,366.11	419,537.34	17,452,045.27

(2). Short-term benefits

Item	Closing Balance of Last Year	Increase in This Period	Decrease in This Period	Difference from Translation of Foreign-currency Statements	Closing Balance
(1) Salary, bonus, allowance and subsidy	12,389,051.67	86,797,468.75	91,060,240.47	337,070.97	8,463,350.92
(2) Employee benefits		13,603,339.12	13,603,339.12		
(3) Social insurance expenses	697,490.13	611,313.89	612,192.62	27,990.16	724,601.56
Including: medical insurance expenses		547,943.60	543,573.02		4,370.58
Work injury insurance expenses	697,490.13	40,912.82	46,508.27	27,990.16	719,884.84
Maternity insurance expenses		22,457.47	22,111.33		346.14
(4) Housing provident fund		759,201.41	759,201.41		
(5) Labor union expenditure and employee education expenses	6,856,770.50	1,449,140.15	961,810.36	17,922.79	7,362,023.08
(6) Paid short-term absence					
(7)					

Item	Closing Balance of Last Year	Increase in This Period	Decrease in This Period	Difference from Translation of Foreign-currency Statements	Closing Balance
Short-term profit sharing plan					
Total	19,943,312.30	103,220,463.32	106,996,783.98	382,983.92	16,549,975.56

(3). Breakdown of defined contribution plan

Item	Closing Balance of last year	Increase in This Period	Decrease in This Period	Difference from Translation of Foreign-currency Statements	Closing Balance
Basic pension insurance	957,971.25	13,066,863.94	13,160,543.50	36,553.42	900,845.11
Unemployment insurance		37,263.23	36,038.63		1,224.60
Total	957,971.25	13,104,127.17	13,196,582.13	36,553.42	902,069.71

24. Tax payable

Item	Closing Balance	Closing Balance of Last Year
Individual income tax	250,318.40	281,398.65
Property tax	1,383,974.12	934,696.40
Land use tax	252,074.76	170,931.17
Stamp duty	47,564.04	66,830.44
VAT	482,180.34	24,192.84
Others	453,505.59	470,650.67
Total	2,869,617.25	1,948,700.17

25. Other payables

Item	Closing Balance	Closing Balance of last year
Interest payable	111,623,835.61	126,299,508.04
Dividend payable		
Other payables	239,118,280.69	301,209,141.89
Total	350,742,116.30	427,508,649.93

(1). Interest payable

Item	Closing Balance	Closing Balance of Last Year
Interest payable on long term and short term loan		8,153,818.59
Interest payable for loan issued by non-financial institutions	111,623,835.61	118,145,689.45
Total	111,623,835.61	126,299,508.04

(2). Dividend payable

None.

(3). Other payables

1) By nature

Item	Closing Balance	Closing Balance of Last Year
Payables in current account	65,695,913.25	81,762,742.65
Borrowing from non-financial institutions	131,987,047.98	178,169,722.63
Amounts received by developer on behalf	2,232,128.62	2,253,859.77
Earnest money for purchase of houses	1,047,415.00	1,047,415.00
Tax to be settled	37,816,041.23	37,687,879.06
Others	339,734.61	287,522.78
Total	239,118,280.69	301,209,141.89

2) Other important payables with the account age of over one year

Item	Closing Balance	Reason for failure to pay or carry over
Cui Wei	102,000,000.00	Personal borrowing
Liu Jiaqing	10,500,000.00	Personal borrowing
Total	112,500,000.00	

26. Held for sale liabilities

Type	Closing Balance	Closing Balance of Last Year
Proposed disposal of the subsidiary Pingwu Zhongjin		49,340,252.36
Total		49,340,252.36

27. Non-current liabilities due within one year

Item	Closing Balance	Closing Balance of Last Year
Long term borrowings due within one year		245,000,000.00
Mortgage borrowings from non-financial institutions due within one year		123,059,266.51
Estimated liabilities due within one year	63,716,644.97	74,709,924.39
Lease liabilities due within one year	2,711,635.26	9,256,371.30
Total	66,428,280.23	452,025,562.20

Additional notes:

The estimated liabilities due within one year refers to the provision for liquidated damages for the borrowing from Cui Wei and Liu Jiaqing, to which the Company fails to repay as agreed. The Company is not entitled to extension of the deadline for fulfillment of obligations. Therefore it was adjusted into "Non-current liabilities due within one year".

28. Lease liabilities

Item	Closing Balance	Closing Balance of Last Year
Lease payments	13,299,536.82	4,052,353.59
Less: Unrecognized financing expenses	2,585,074.50	745,626.33
Total	10,714,462.32	3,306,727.26

29. Long-term payroll payable

(1). Breakdown

Item	Closing Balance	Closing Balance of Last Year
1. Net liabilities for post-employment benefits-defined benefit plan		
2. Termination benefits		
3. Other long-term benefits	1,347,398.18	1,351,796.32
Total	1,347,398.18	1,351,796.32

30. Estimated liabilities

Item	Closing Balance of Last Year	Increase in This Period	Decrease in This Period	Closing Balance	Reasons
Pending litigation	4,080,000.00	17,414,786.76		21,494,786.76	Liquidated damages for house selling
Estimated liabilities related to mine reclamation	22,070,702.71	3,292,332.38	1,202,069.75	24,160,965.34	Expected expenses for mine reclamation
Total	26,150,702.71	20,707,119.14	1,202,069.75	45,655,752.10	

Notes:

(1) Estimated liabilities related to mine reclamation refer to the mine reclamation expenses estimated by VGML (FJ).

(2) For the item of "Pending Litigation", estimated loss is made for the house dispute between Shandong Zhongrun Corporation Zibo Real Estate Co., Ltd., Zibo Yufeng Co., Ltd., and Zibo Central Hospital under litigation.

31. Other non-current liabilities

Item	Closing Balance	Closing Balance of Last Year
Contractual liabilities of metal streaming transactions	69,750,219.02	
Total	69,750,219.02	

Note: For the matters of metal streaming agreement, refer to item (5) of "4 Other Important Matters Having Influences on the Decision-making of Investors" under "XIII Other Important Matters".

32. Share capital

Item	Closing Balance of last year	Increase (+)/Decrease (—) in This Period					Closing Balance
		Issue of New Shares	Bonus Share	Conversion from Reserves	Others	Subtotal	
Total share capital	929,017,761.00						929,017,761.00

33 Capital reserve

Item	Closing Balance of Last Year	Increase in This Period	Decrease in This Period	Closing Balance
Capital premium (share premium)	51,259,534.18			51,259,534.18
Total	51,259,534.18			51,259,534.18

34. Other comprehensive income

Item	Closing Balance of last year	Amount in This Period						Closing Balance
		Amount before income tax amount in this period	Less: Amount recorded in other comprehensive income in the previous period and transferred to profit and loss in this period	Less: Amount recorded in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax amount	After-tax amount attributable to the parent company	After-tax amount attributable to minor shareholders	
1. Other comprehensive income that cannot be subsequently reclassified as profit and loss	-5,425,851.19	-1,441,127.41				-1,441,127.41		-6,866,978.60
Including: Changes in fair value of other equity instrument investment	-5,425,851.19	-1,441,127.41				-1,441,127.41		-6,866,978.60
2. Other comprehensive income that will be subsequently reclassified as profit and loss	-35,775,722.62	23,611,304.20				16,140,951.34	7,470,352.86	-19,634,771.28
Including: Difference from translation of foreign-currency financial statements	-33,494,379.72	23,611,304.20				16,140,951.34	7,470,352.86	-17,353,428.38
Others	-2,281,342.90							-2,281,342.90
Total of other comprehensive income	-41,201,573.81	22,170,176.79				14,699,823.93	7,470,352.86	-26,501,749.88

35 Special reserve

Item	Closing Balance of Last Year	Increase in This Period	Decrease in This Period	Closing Balance
Work safety expenses	13,921.38		13,921.38	
Total	13,921.38		13,921.38	

36 Surplus reserve

Item	Closing Balance of Last Year	Opening Balance	Increase in This Period	Decrease in This Period	Closing Balance
Statutory surplus reserve	77,898,985.76	77,898,985.76			77,898,985.76
Total	77,898,985.76	77,898,985.76			77,898,985.76

37. Undistributed profit

Item	This Period	Last Period
Undistributed profit at the end of the previous year before adjustment	-642,365,025.62	-513,258,347.79
Adjustment of undistributed profits at the beginning of the year (increase +, decrease -)		
Undistributed profits at the beginning of the year after adjustment	-642,365,025.62	-513,258,347.79
Plus: Net profit attributable to the owner of the parent company in the current period	252,997,202.91	-129,106,677.83
Less: Statutory surplus reserve accrued		
Discretionary surplus reserve accrued		
General risk provision accrued		
Ordinary share dividend payable		
Ordinary share dividend transferred to share capital		
Closing undistributed profit	-389,367,822.71	-642,365,025.62

38 Operating revenue and operating expenses

1) Operating revenue and operating expenses

Item	This Period		Last Period	
	Income	Expenses	Income	Expenses
Main business	247,761,677.50	264,607,272.84	878,650,121.04	769,020,706.56
Other businesses	29,387,518.40	29,685,533.18	27,788,207.98	29,371,772.76
Total	277,149,195.90	294,292,806.02	906,438,329.02	798,392,479.32

Operating revenue:

Item	This Period	Last Period
Revenue from contracts with customers	248,431,465.63	878,650,121.04
Lease revenue	28,717,730.27	27,788,207.98
Total	277,149,195.90	906,438,329.02

2) Revenue from contracts

The revenue in this period is broken down as follows

Contract Type	Zibo Real Estate	VGML (UK)	Other Segments	Inter-segment Offset	Total
Type of goods:					
Sale of house	6,825,115.30				6,825,115.30
Sale of gold		240,936,562.20			240,936,562.20
Others			669,788.13		669,788.13
Total	6,825,115.30	240,936,562.20	669,788.13		248,431,465.63
Classification by area of business:					
In China	6,825,115.30				6,825,115.30
Overseas		240,936,562.20	669,788.13		241,606,350.33
Total	6,825,115.30	240,936,562.20	669,788.13		248,431,465.63
Classification by time of transfer:					
Recognized at a point in time	6,825,115.30	240,936,562.20	669,788.13		248,431,465.63
Recognized over a period of time					
Total	6,825,115.30	240,936,562.20	669,788.13		248,431,465.63

39. Taxes and surcharges

Item	This Period	Last Period
Gold tax	7,827,751.79	12,244,379.19
Property tax	3,848,388.86	3,713,972.22
Urban maintenance and construction tax	69,293.15	1,099,511.34
Land appreciation tax	220,839.14	787,971.65
Education surcharge	49,495.11	785,365.24
Land use tax	724,557.43	684,201.89
Stamp duty	225,259.17	81,367.38
Foundation for water works		39,801.52
Total	12,965,584.65	19,436,570.43

40. Sales expenses

Item	This Period	Last Period
Property maintenance fee	199,809.33	15,575,999.80
Sales service expenses	1,632,641.51	208,628.73
Payroll	76,015.79	173,230.13
Others	5,459.65	11,495.82
Total	1,913,926.28	15,969,354.48

41 Administrative expenses

Item	This Period	Last Period
Intermediary expenses	22,794,909.68	36,829,280.23
Payroll	23,529,819.30	24,949,145.31
Rent	12,157,793.19	12,673,464.67
Depreciation and amortization	7,824,486.61	6,583,150.21
Property management and utilities	6,342,028.85	5,406,092.51
Others	5,322,289.26	5,094,470.54
Entertainment	917,111.99	1,878,837.29
Office expenses	923,498.60	1,554,220.00
Travel expenses	850,366.85	1,499,904.35
Revolving materials	497,653.31	473,680.59

Total	81,159,957.64	96,942,245.70

42. Financial expenses

Item	This Period	Last Period
Interest expenses	42,832,888.00	68,578,038.13
Including: interest expenses of lease reliabilities	790,307.58	1,845,640.02
Less: Interest income	105,743.28	935,590.65
Exchange loss	-45,498,672.25	8,990,638.46
Handling charges	26,210.45	38,138.30
Total	-2,745,317.08	76,671,224.24

43. Other income

Item	This Period	Last Period
Compensation for land of primary school	700,000.00	
Individual income tax withholding charges	22,238.07	30,608.85
Subsidy for stabilizing employment	62,170.48	5,062.68
VAT directly deducted	337,083.61	1,468.95
Total	1,121,492.16	37,140.48

44 Investment income

Item	This Period	Last Period
Income from long-term equity investment calculated at equity method	3,689,065.91	1,633,943.68
Investment income from disposal of long-term equity investment	402,120,135.93	
Investment income from debt re-structuring	7,501,765.49	
Total	413,310,967.33	1,633,943.68

45 Credit impairment loss

Item	This Period	Last Period
Bad debt loss on accounts receivable	628,303.83	-914,973.66
Bad debt loss on other receivables	65,798,934.48	-8,942,100.87
Total	66,427,238.31	-9,857,074.53

46 Asset impairment loss

Item	This Period	Last Period
Impairment loss for price falling of inventories	-690,220.14	7,546,879.51
Impairment loss for contract assets	-214,054.45	139,167.03
Fixed asset impairment loss		8,444,176.69
Total	-904,274.59	16,130,223.23

47 Income from asset disposal

Item	This Period	Last Period	Amount recognized as non-recurrent profit and loss of the current period
Disposal of fixed assets	-801,409.61	158,205.60	-801,409.61
Total	-801,409.61	158,205.60	-801,409.61

48 Non-operating income

Item	This Period	Last Period	Amount recognized as non-recurrent profit and loss of the current period
Other	567,582.70	240,300.00	567,582.70
Total	567,582.70	240,300.00	567,582.70

49 Non-operating expenses

Item	This Period	Last Period	Amount recognized as non-recurrent profit and loss of the current period
Donation made		5,000,000.00	
Loss from damage and scrapping of non-current assets	52,259.86	710.00	52,259.86
Liquidated damages	19,547,543.42	16,725,365.51	19,547,543.42
Others	277,569.18		277,569.18
Fine for overdue payment	25,068.16		25,068.16
Total	19,902,440.62	21,726,075.51	19,902,440.62

50 Income tax expenses

(1). Breakdown

Item	This Period	Last Period
Current income tax		
Deferred income tax	-4,508,600.15	10,342,320.26
Total	-4,508,600.15	10,342,320.26

(2). Adjustment of accounting profit and income tax expenses

Item	This Period
Total profit	218,335,466.63
Income tax expense calculated at statutory (or applicable) tax rate	54,583,866.66
Effects due to different tax rates applicable to subsidiaries	3,322,713.48
Effects due to adjustment on income tax of previous periods	
Effects of non-taxable income	
Effects of non-deductible costs, expenses and losses	346,766.39
Effects due to using deductible losses of unrecognized deferred income tax assets of previous periods	-52,197,606.46
Effects due to deductible temporary difference or deductible losses of unrecognized deferred income tax assets of the current period	10,313,475.54
Others	-20,877,815.76
Income tax expenses	-4,508,600.15

Note: “Others” mainly refer that due to tax, the Company adjusted downwards the disposal cost of long-term equity investment (RMB -30.4 million), with an effect on the income tax payable in the current period of -7.6 million, and the Company written off RMB 53.1113 million of other receivables, with an effect on the income tax payable in the current period of RMB-13.2778 million.

51. Earnings per share

(1) Basic earnings per share

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the shareholders of common shares of the parent company by the weighted average number of common shares issued by the Company.

Item	This Period	Last Period
Consolidated net profit attributable to the shareholders of common shares of the parent company	252,997,202.91	-129,106,677.83
Weighted average number of common shares issued by the Company.	929,017,761.00	929,017,761.00
Basic earnings per share	0.27	-0.14
Including: Basic earnings per share for continued operation	0.27	-0.14
Basic earnings per share for discontinued operation		

(2) Diluted earnings per share

The diluted earnings per share is calculated by dividing the consolidated net profit (diluted) attributable to the shareholders of common shares of the parent company by the weighted average number (diluted) of common shares issued by the Company:

Item	This Period	Last Period
Consolidated net profit (diluted) attributable to the shareholders of common shares of the parent company	252,997,202.91	-129,106,677.83
Weighted average number (diluted) of common shares issued by the Company	929,017,761.00	929,017,761.00
Diluted earnings per share	0.27	-0.14
Including: Diluted earnings per share for continued operation	0.27	-0.14
Diluted earnings per share for discontinued operation		

52. Items in cash flow statements

(1). Other cash received related to operating activities

Item	This Period	Last Period
Interest income	105,743.28	249,776.82
Other account current	29,445,730.38	22,509,386.69
Deposit and earnest money	8,660,258.86	
Other revenue	784,408.55	
Other monetary funds with the use restricted	3,954,284.53	30,146,912.70
Total	42,950,425.60	52,906,076.21

(2). Other cash paid related to operating activities

Item	This Period	Last Period
Administrative expenses	35,947,858.54	41,164,114.83
Selling expenses	1,837,910.49	154,809.00
Non-operating expenses	300,000.00	5,119,217.24
Financial expenses	26,210.45	42,981.77
Other monetary funds with the use restricted	3,064,041.71	3,996,624.88
Other account current	56,124,574.22	66,086,262.11
Total	97,300,595.41	116,564,009.83

(3). Other cash received related to financing activities

Item	This Period	Last Period

Item	This Period	Last Period
Debt repayment received from disposal of subsidiaries	145,237,801.28	
Total	145,237,801.28	

(4). Other cash received related to financing activities

Item	This Period	Last Period
Financing for metal streaming projects	94,623,758.72	
Borrowings from non-financial institutions	33,907,969.53	26,738,990.13
Total	128,531,728.25	26,738,990.13

(5). Other cash paid related to financing activities

Item	This Period	Last Period
Borrowings to non-financial institutions	233,854,990.74	34,015,211.04
Rent	10,995,791.86	14,086,558.73
Total	244,850,782.60	48,101,769.77

53 Supplementary information to cash flow statement

(1). Supplementary information to cash flow statement

Supplementary information	This Period	Last Period
1. Net profit adjusted to cash flows from operating activities		
Net profit	222,844,066.78	-137,245,499.86
Plus: Credit impairment loss	66,427,238.31	-9,857,074.53
Provision for asset impairment	-2,495,767.53	16,130,223.23
Depreciation of fixed assets	77,984,171.91	112,095,403.52
Depreciation of investment property	30,649,055.90	
Depletion of oil and gas assets		
Depreciation of right of use assets	8,643,734.96	13,145,405.29
Amortization of intangible assets	8,843,124.08	10,671,068.46
Amortization of long-term deferred expenses		
Loss from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	801,409.61	-158,205.60
Loss from scrapping of fixed assets ("-" for gains)	52,259.86	710.00
Loss from changes in fair value ("-" for gains)		
Financial expenses ("-" for gains)	-2,665,784.25	68,050,590.77
Investment loss ("-" for gains)	-413,310,967.33	-1,633,943.68
Decrease in deferred income tax assets ("-" for increase)	-4,225,471.61	10,625,448.79
Increase in deferred income tax liabilities ("-" for decrease)	-283,128.55	-283,128.53
Decrease of inventories ("-" for increase)	-5,299,389.22	384,688,118.72
Decrease of operating receivables ("-" for increase)	-54,722,901.32	32,809,201.84
Increase of operating payables ("-' for decrease)	-52,640,471.64	-459,966,330.90
Others	2,884,261.98	15,346,043.48
Net cash flow from operating activities	-116,514,558.06	54,418,031.00
2. Important investment and financing activities involving no cash receipts and payments		
Debt converted to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		

Supplementary information	This Period	Last Period
3. Net changes in cash and cash equivalents		
Closing balance of cash	4,258,826.40	4,252,902.85
Less: Opening balance of cash	4,252,902.85	92,462,641.81
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	5,923.55	-88,209,738.96

"Others" refer to the estimated liabilities of RMB17.4148 million accrued in this period for the litigation and the amount of RMB -14.5305 million for which the gold has been delivered to Sandstorm and the cash flow was not received yet.

(2). Net cash paid for acquisition of subsidiaries in this period

None.

(3). Net cash received for disposal of subsidiaries in this period

	Amount
Cash and cash equivalents received for disposal of subsidiaries in this period	212,087,443.35
Including: Pingwu Zhongjin	212,087,443.35
Less: cash and cash equivalents held by the subsidiaries as of the date of losing control	839.81
Including: Pingwu Zhongjin	839.81
Net cash received for disposal of subsidiaries	212,086,603.54

(4). Composition of cash and cash equivalents

Item	Closing Balance	Closing Balance of Last Year
I. Cash	4,258,826.40	4,252,902.85
Including: cash on hold	13,102.48	26,779.61
Digital currency readily available for payment		
Cash in bank readily available for payment	4,245,723.92	4,226,123.24
Other monetary funds readily available for payment		
Deposits with central bank readily available for payment		
Deposits with other financial institutions		
Loans from other financial institutions		
II. Cash equivalents		
Including: Bond investment due within 3 months		
III. Closing balance of cash and cash equivalents.	4,258,826.40	4,252,902.85
Including: Cash and cash equivalents of which the use by the parent company and group subsidiaries is restricted		

54 Assets with ownership or use right restricted

Item	*Closing Book Value*	*Reasons for Restriction*
Monetary funds	3,561,990.07	Fixed deposits of VGML for warranties for environmental protection and work injury compensation, cash deposit for mortgage loan, funds frozen in litigation
Investment property	516,860,085.46	Mortgage for borrowing, funds frozen in litigation

Item	Closing Book Value	Reasons for Restriction
Accounts receivable	7,460,651.68	Funds frozen in litigation
Total	527,882,727.21	

55. Foreign-currency monetary items

(1). Foreign-currency monetary items

Item	Closing Balance	Exchange Rate for Translation	Closing Balance Converted to RMB
Money funds			5,906,869.55
Including: Fiji Dollar	1,874,745.92	3.1236	5,855,979.78
USD	6,174.31	6.9646	43,004.92
HKD	8,825.71	0.8933	7,883.74
EUR	0.15	7.4229	1.11
Contractual assets			2,068,195.94
Including: Fiji Dollar	662,116.69	3.1236	2,068,195.94
Other receivables			560,238,322.37
Including: Fiji Dollar	981,727.31	3.1236	3,066,535.72
HKD	4,239.09	0.8933	3,786.65
USD	80,000,000.00	6.9646	557,168,000.00
Accounts payable			68,603,841.23
Including: Fiji Dollar	21,962,980.80	3.1236	68,603,841.23

Additional Notes:

Overseas operating entities of the Company:

(1) Zhongrun International Mining Co., Ltd. ("Zhongrun International"), whose principal place of business is Hong Kong, and the functional currency is HKD;

(2) VGML (FJ), whose principal place of business is Fiji, and the functional currency is Fiji Dollar;

(3) VGM (UK), whose principal place of business is United Kingdom and the functional currency is GBP.

(4) SaoCarlosMinaracao Ltd ("SCM"), whose principal place of business is Brazil and the functional currency is Real.

These overseas subsidiaries determine HKD, Fiji Dollar, GBP, and Real as their functional currency respectively according to the currency used in the major economic environment in which they operate, which have kept unchanged during the current period.

56 Lease

(1). As the lessee

Item	This period	Last Period
Interest expense of lease liabilities	790,307.58	1,845,640.02
Total of cash outflow related to lease	10,995,791.86	14,086,558.73

(2). As the lessor

1). Operating lease

	This period	Last Period
Income from operating lease	28,717,730.27	27,788,207.98

Undiscounted lease receipts to be received after the balance sheet date:

Remaining Lease Term	This Period	Last Period
Within 1 year	25,819,399.30	29,116,247.39
1-2 years	18,176,503.06	24,404,778.20
2-3 years	16,333,860.99	16,701,505.89
3-4 years	14,653,771.65	15,972,359.66
4-5 years	8,981,399.49	14,367,058.99
Over 5 years	8,329,626.89	16,659,254.22
Total	92,294,561.38	117,221,204.35

VI. Changes in Scope of Consolidation

1. Disposal of subsidiaries

(1). Disposal of subsidiaries under which the power of control is lost through one transaction

Name of Subsidiary	Price of Shares	Proporation of Shares Disposed of (%)	Way of Disposal	Point of Time of Lose of Control	Basis for Determining the Point of Time of Lose of Control	Difference between price of disposal and share of consolidated financial statement level net assets in the subsidiary corresponding to the investment	Proportion of remaining shares at the date of lose of control	Book value of remaining shares at the date of lose of control	Fair value of remaining shares at the date of lose of control	Gain or loss from re-measurement of remaining share at fair value	Method and main assumptions for determining the fair value of remaining shares at the date of lose of control	Amount of other comprehensive income related to equity investment in the original subsidiary converted to investment gain/loss
Sichuang Pingwu Zhongjin Mine Co., Ltd.	312,087,443.35	76.00	Sell	2022.1.25	The Company does not participate in the management, nor enjoy variable return of the subsidiary any more.	402,120,135.93	-	-	-	-	-	-

(2) Change of the scope of consolidation due to other reasons

In this period, a subsidiary of the Company, Shengyuan Jiye Investment Management (Hangzhou) Co., Ltd. was cancelled and a new subsidiary Shandong Ruihong Investment Management Co., Ltd. was established

VII. Interests in Other Entities

1 In subsidiaries

(1). Structure of the Corporation

Name of Subsidiary	Principal Place of Business	Registered Address	Business Nature	Shareholding (%)		Acquirement Mode
				Direct	Indirect	
Zibo Real Estate Co. Ltd. of Shandong Zhongrun Group	Zibo, Shandong	Zibo, Shandong	Real estate	100.00		Business combination under common control
Zhongrun Mining Development Co., Ltd.	Jinan, Shandong	Jinan, Shandong	Mining investment	100.00		Incorporation
Shandong Qiansheng Economic & Trade Company Limited	Jinan, Shandong	Jinan, Shandong	Commerce	100.00		Incorporation
ShengyuanJiye Investment Management (Hangzhou) Company Limited	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Investment management	40.00		Incorporation
ZHONGRUN INTERNATIONAL MINING CO., LTD.	HongKong, China	The British Virgin Islands	Mining investment		100.00	Incorporation
Sichuan Pingwu Zhongjin Mining Co., Ltd.	Pingwu, Sichuan	Mianyang, Sichuan	Gold mining	76.00		Business combination not under common control
Tibet Zhongjin Mining Co., Ltd.,	Jomda County, Tibet	Changdu, Tibet	Processingand selling of minerals		71.20	Business combination not under common control
VATUKOULA GOLD MINES LIMITED (UK)	England	England	Gold mining		79.52	Business combination not under common control
VATUKOULA GOLD MINES PTE LIMITED (FJ)	Fiji	Fiji	Gold mining		100.00	Business combination not under common control
Jinan Xingrui Commercial Operation Co., Ltd.	Jinan, Shandong	Jinan, Shandong	Commerce		100.00	Business combination not under common control
Jiangsu Feihanlifeng Enterprise Management Consulting Co., Ltd.	Nanjing, Jiangsu	Nanjing, Jiangsu	Enterprise management		100.00	Incorporation
Shandong Ruihong Investment Management Co., Ltd.	Zibo, Shandong	Zibo, Shandong	Investment Management		100.00	Incorporation

(2). Important non-wholly owned subsidiaries

Name of Subsidiary	Shareholding of Minority Shareholders	Profits or losses attributable to minority shareholders in current period	Declared Dividends to minority shareholders in current period	Balance of minority equity at end of the current period
Tibet ZhongjinMining Co., Ltd.	28.80	-192.40		10,299,730.97
VATUKOULA GOLD MINES LIMITED (UK)	20.48	-30,022,062.61		19,535,413.30

(3). Main financial information of important non-wholly owned subsidiaries

Subsidiary	Closing Balance						Closing Balance of last year					
	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Tibet Zhongjin Mining Co., Ltd.	22,381,496.78	13,381,458.00	35,762,954.78				22,382,164.83	13,381,458.00	35,763,622.83			
VATUKOULA GOLD MINES LIMITED (UK)	133,172,219.63	651,690,523.22	784,862,742.85	106,435,425.31	583,891,211.99	690,326,637.30	120,107,006.27	614,693,087.28	734,800,093.55	88,826,271.76	441,321,945.92	530,148,217.68

Subsidiary	This Period				Last Period			
	Operating Income	Net Profit	Total Comprehensive Income	Cash Flow from Operating Activities	Operating Income	Net Profit	Total Comprehensive Income	Cash Flow from Operating Activities
Tibet Zhongjin Mining Co., Ltd.,		-668.05	-668.05	-644.05		-6,535.78	-6,535.78	-33,564.78
VATUKOULA GOLD MINES LIMITED (UK)	240,936,562.20	-146,592,102.57	-110,115,770.22	-61,912,616.03	351,918,976.73	-29,774,179.97	-48,932,172.56	100,319,592.04

2 Transactions resulting in changes of shares in the owner's equity of subsidiaries after which the Company still takes control of the subsidiaries

None

3 Interest in joint venture or associates

(1). Summary Financial information of non-important joint ventures and associates

	Closing Balance/Amount in This Period	**Closing Balance of Last Year/Amount in Last Period**
Associates		
Total investment by book value	47,583,622.67	42,125,448.90
Total of the following items calculated based on shareholding	3,689,065.91	1,633,943.68
— Net profit	3,689,065.91	1,633,943.68

VIII. Risks Related to Financial Instruments

The Company faces various financial risks during its operation, including credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk, and other price risks). The risks and the risk management policies taken by the Company for mitigating these risks are described below.

The Board of Directors takes full responsibility for the determination of risk management objectives and policies, and is ultimately responsible for the risk management objectives and policies. The Board of Directors has authorized the audit department of the Company to design and implement proper procedures that ensure the effective implementation of the risk management objectives and policies. The Board of Directors reviews the effectiveness of the implemented procedures and the rationality of the risk management objectives and policies through quarterly reports submitted by the audit director. The internal auditors of the Company also audit the risk management policies and procedures and report the findings to the audit committee.

The overall risk management objective of the Company is to develop the risk management policies that minimize the risks without compromising the competitiveness and response capability of the company.

(1) Credit risk

Credit risk refers to the risk resulting from the failure of the counterparty to perform its obligations which causes financial losses to the Company.

The Company manages the credit risks by class by portfolio. As of December 31, 2022, the maximum credit risk exposure that may cause financial loss to the Company mainly comes from the loss of financial assets it may suffer from due to the failure of the counterparty to perform its obligations, mainly including monetary funds, accounts receivable, and other receivables. Their carrying values represent the highest credit risk the Company faces in relation to financial risks.

The monetary funds of the Company are mainly the deposits in the reputational state-owned banks with high credit rating and other large and medium-sized listed banks. In the opinion of the Company, major credit risk exists and the major loss due to bank default is impossible.

In addition, the Company has established proper policies to control the credit risk exposure of notes receivable, accounts receivable, accounts receivable financing and other receivables. The Company evaluates the customer's credit qualification and sets proper credit periods for them based on their financial status, the possibility of obtaining guarantee from a third party, track records of credit and other factors such as the current market conditions. The Company monitors regularly the credit records of the customers. For the customers with poor credit records, the Company will issue written reminder, shorten or cancel the credit period to ensure that the overall credit risk is within a controllable range.

(2) Liquidity risk

Liquidity risk refers to the risk of shortage of funds when an enterprise fulfills its obligations settled by cash or other financial assets.

The liquidity policy of the Company is to ensure adequate cash to repay the debt due. The liquidity risks are centrally controlled by the Finance Department of the Company. By monitoring the cash balances, securities readily realizable, and rolling forecasts of cash flow for the next 12 months, the Finance Department ensures that the Company has sufficient funds to repay debts in all reasonably foreseeable situations. Furthermore, the Company is under continuous monitoring for compliance with the provisions of the loan agreement and obtaining commitment for sufficient reserve from major financial institutions to meet the short-term and long-term capital needs.

The financial liabilities of the Company are listed below by the due date based on undiscounted contractual cash flow:

Item	Closing Balance				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term borrowing	280,284,411.94				280,284,411.94
Other payables	350,742,116.30				350,742,116.30
Non-current liabilities due within one year	67,624,650.70				67,624,650.70
Lease payments		3,103,303.74	8,165,253.99	2,030,979.09	13,299,536.82
Total	698,651,178.94	3,103,303.74	8,165,253.99	2,030,979.09	711,950,715.76

Item	Closing Balance of Last Year				
	Within 1 year	1-2 years	1-5 years	Over 5 years	Total
Short-term borrowing	92,191,998.89				92,191,998.89
Other payables	427,508,649.93				427,508,649.93
Non-current liabilities due within one year	452,025,562.20				452,025,562.20
Lease payments	9,741,581.89	759,851.55	1,340,204.50	1,952,297.49	13,793,935.43
Total	981,467,792.91	759,851.55	1,340,204.50	1,952,297.49	985,520,146.45

(3) Market risks

The market risk refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

①. Interest rate risk

Interest rate risk refers to the risk of fluctuation in the fair value of financial instruments or the future cash flows due to changes in the market interest rates. The interest rate risk faced by the Company mainly comes from bank loans. According to the current policies of the Company, the loans at fixed interest rates account for 100% of the total loans.

② Exchange rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in exchange rate.

The Company continuously monitors the volume of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts for the purpose of avoiding exchange rate risk. During the current period and the previous period, the Company did not sign any forward foreign exchange contracts or currency swap contracts.

The exchange rate risks of the Company mainly come from the financial assets and financial liabilities denominated in US dollars. The amount of foreign currency financial assets and foreign currency financial liabilities converted into RMB amounts are listed as follows:

Item	Closing Balance			Closing Balance of Last Year		
	USD	Other foreign currency	Total	USD	Other foreign currency	Total
Monetary funds	43,004.92	5,863,864.63	5,906,869.55	48,461.31	5,828,631.50	5,877,092.81
Contractual assets		2,068,195.94	2,068,195.94		6,182,905.10	6,182,905.10
Other receivables	557,168,000.00	3,070,322.37	560,238,322.37	510,056,000.00	4,053,324.90	514,109,324.90
Accounts		68,603,841.23	68,603,841.23		75,888,535.53	75,888,535.53

Item	Closing Balance			Closing Balance of Last Year		
	USD	Other foreign currency	Total	USD	Other foreign currency	Total
payable						
Other payables		24,636,131.81	24,636,131.81		26,238,576.76	26,238,576.76
Total	557,211,004.92	104,242,355.98	661,453,360.91	510,104,461.31	118,191,973.79	628,296,435.10

3 Other price risks

Other price risk refers to the risk that the fair value or future cash flow of a financial instrument fluctuates due to market price changes other than exchange rate risk and interest rate risk.

Other price risks of the Company mainly come from the equity instrument investments invested which may suffer from the risk of price changes.

As of December 31, 2022, if all other variables remain unchanged and the value of equity instruments increases or decreases by 10%, the net profit of the Company will increase or decrease by RMB 0.00, and other comprehensive income will increase or decrease by RMB 231,232.50 (December 31, 2021 net profit: RMB 0.00; other comprehensive income: RMB 375,345.24). The management believes that 10% could reasonably reflect the reasonable range of value changes of the equity instruments in the next year.

IX. Disclosure of Fair Value

Fair value measurements are categorized into a three-level hierarchy, based on the type of inputs to the valuation techniques used, as follows:

Level 1 inputs are unadjusted quoted prices in active markets for items identical to the asset or liability being measured.

Level 2 inputs are inputs other than the quoted prices in determined in level 1 that are directly or indirectly observable for that asset or liability.

Level 3 inputs are unobservable inputs of the related assets or liabilities.

Each fair value measurement is categorized based on the lowest level input that is significant to it.

1. Closing fair value of assets and liabilities measured at fair value

Item	Closing Fair Value			
	Measurement of Level 1 Fair Value	Measurement of Level 2 Fair Value	Measurement of Level 3 Fair Value	Total
1.Continuing measurement of fair value				
△ Other equity	2,312,324.98			2,312,324.98

Item	Closing Fair Value			
	Measurement of Level 1 Fair Value	Measurement of Level 2 Fair Value	Measurement of Level 3 Fair Value	Total
instrument investment				
Total assets measured at fair value continuously	2,312,324.98			2,312,324.98

2 Basis for determining the market value of fair value of continuing and non-continuing measurement of level 1 items

The Company determines the market price of level 1 fair value measurement items based on the open price in the open equity market. Canadian Zinc Corporation (NZC), of which 15 million shares were held by the subsidiary Zhongrun International, was privatized on December 15, 2022 and delisted from Toronto Stock Exchange (TSE) of Canada at the closing price of CAD 0.03 per share and the market price of shares of CAD450,000. In January 2023, the Company submitted a written application to Computershare (securities service agency) for buy-back of NZC shares. The application has been accepted and the approval process is pending now.

X. Related Parties and Related Transactions

1 Information about the parent company

Name	Place of Incorporation	Nature	Registered Capital (10,000)	Shareholding of Parent Company (%)	Voting Ratio of Parent Company (%)
Ningbo Ranchengcheng Far Investment Management Partnership (limited partnership)	Ningbo	Investment management	235,230.00	25.08	25.08

As of December 31, 2022, the ultimate controller of the Company is Mr. Guo Changwei who holds 100% shares of Ransheng Wealth Capital Management Co., Ltd. ("Ransheng Wealth"). Ransheng Wealth holds 80% shares of Ransheng (Ningbo) Equity Investment Fund Management Co., Ltd. ("Ransheng Equity and Fund") which exercises control over Ranchengcheng Far as a general partner.

As of December 31, 2022, Ningbo Meishan Bonded Port Zone Ransheng Shengchang Investment Management Partnership (Limited Partnership) ("Ransheng Shengchang") holds 4.91% shares (45,612,401 shares) of the Company, which is related to Ranchengcheng Far and constitutes a person acting in concert.

2. Subsidiaries of the Company

Refer to Note VII "Interests in Other Entities".

3 Joint ventures and associates

Refer to Note VII "Interests in Other Entities" for the key joint ventures and associates of the Company.

4 Other related parties

Name of Related Party	Relationship with the Company
Shandong Bona Investment Co., Ltd.	Minority shareholder of the Company
Huaxia Yuanji Real Estate Development Co., Ltd.	Under common control by the same real controller
Pangea Gold Mining (Fiji) Pte Ltd	Associates of subsidiaries

5 Related transaction

(1). Related transaction in purchasing/selling of goods, providing and receiving services

None

(2). Related transaction in entrusting or entrusted management/contracting

None

(3). Related transaction in lease

None

(4). Related transaction in guarantee

As the guarantor

None

As the guarantee:

Guarantor	Guaranteed Amount	Effective Date	Expiry Date	Guarantee Fulfilled or not?
Shandong Zhongrun Corporation Zibo Real Estate Co., Ltd.	91,000,000.00	2022/3/24	2023/2/23	No
Jinan Xingrui Commercial Operation Co., Ltd.	76,450,000.00	2022/12/29	2023/12/29	No
Jinan Xingrui Commercial Operation Co., Ltd.	112,550,000.00	2022/12/29	2023/12/29	No

(5). Borrowing from related party

Related Party	Opening Balance	Increase in This Period	Decrease in This Period	Closing Balance
Shandong Bona Investment Co., Ltd.		13,000,000.00	13,000,000.00	

(6). Asset transfer and debt restructuring of related party

None

(7). Remuneration of key management personnel

Unit: RMB 10000

Item	This Period	Last Period
Remuneration of key management personnel (RMB 10,000)	620.51	556.31

6. Receivables and payables of related party

1) Receivables

None

2) Payables

Item	Related party	Closing Book Balance	Closing Book Balance of Last Year
Other payables			
	Shandong Bona Investment Co., Ltd.		39,166,533.92
	Huaxia Yuanji Real Estate Development Co., Ltd.		500,000.00
	Pangea Gold Mining (Fiji) Pte Ltd	26,797,070.15	4,493,852.92

XI. Commitments and Contingencies

1 Significant commitments

None.

2 Contingencies

(1). Guarantees between companies within the scope of consolidation

1) As of December 31, 2022, credit guarantees provided by the subsidiaries to the Company are as follows (unit: 10,000)

Guarantor	Guaranteed Amount	Start Date of Guarantee	Maturity Date of Guarantee	Guarantee Fulfilled or Not?
Zibo Real Estate	91,000,000.00	2022/3/24	2023/2/23	No
Jinan Xingrui Commercial Operation Co., Ltd.	76,450,000.00	2022/12/29	2023/12/29	No
Jinan Xingrui Commercial	112,550,000.00	2022/12/29	2023/12/29	No

Operation Co., Ltd.				

2) Property-based mortgage guarantees provided between companies in the scope of consolidation as of December 31, 2022 (unit: 10,000)

Guarantor	Guarantee	Mortgagee	Subject Matter of Mortgage	Original Book Value of Mortgage	Book Value of Mortgage	Outstanding Amount of Guaranteed Loan	Loan Maturity Date
Zibo Real Estate	The Company	Lixia Branch of Jinan Rural Commercial Bank	Comprehensive building of ZRC	7,226.07	5,986.59	9,100.00	2023/3/23
Jinan Xingrui	The Company	Muping branch of Yantai Bank	Zhongrun Century City Commercial -302 Zhongrun Century City Commercial -203 Zhongrun Century City Commercial-204	41,956.41	34,150.77	7,645.00	2023/12/29
Jinan Xingrui	The Company					11,255.00	2023/12/29

(2). Other contingent liabilities and their financial effects

Zibo Real Estate, a subsidiary of the Company, provides phased guarantee for the commercial housing purchaser's mortgage loans according to the business practices of real estate enterprises. As of December 31, 2022, the subsidiaries of the Company had undertaken phased guarantees totaling to RMB 16.8374 million.

(3). Pending litigations and arbitrations

1) According to the enforcement decision of Zibo High-tech Industrial Development Zone People's Court (LU[2021] No. 0391 ZB522), the applicant Yufeng Real Estate submitted an application for property preservation on December 21, 2021. After review, the court decided to freeze the bank deposit of the Company in an amount of RMB 9,750,000.00, and if the amount of such bank deposit is less than RMB 9,750,000.00, the court would attach the assets based on the amount in shortage. As of December 31, 2021, the amount actually frozen was RMB177,171.12. The judgment was made on July 27, 2022 as follows: ① Zibo Real Estate was required to go through the formalities of heating system access at its own expenses and be responsible for the laying of gas pipelines for the 12 premises of 3# Commercial Comprehensive Building of Zhongrun Century City; ② Within three months from the effective date of the judgment, Zibo Real Estate shall handle the

immovable property title registration formalities for the 40 premises of 3# Commercial Comprehensive Building of the applicant Yufeng Real Estate;③ Zibo Real Estate shall pay liquidate damages for delayed delivery (RMB 6,478,800), liquidated damages for delayed title certificate (RMB 1,546,000), liquidated damages for heating facilities (RMB 37,000), and liquidated damages for gas facilities (RMB 370,000). On February 2, 2023, the Company lodged an appeal to Zibo Intermediate People's Court of Shandong Province, who made a decision to recall the first instance judgment of Zibo Hi-tech Industry Development Zone People's Court numbered (2021) LU 0391 MC 3271 and remanded the lawsuit for new trial. As of the date of approval for issue of these financial statements, Zibo Hi-tech Industry Development Zone People's Court has not made the judgment.

(2) On May 22, 2022, Tan Shen applied to the Zibo Arbitration Commission for arbitration, requesting the respondent, Zibo Real Estate and Sutong Construction Corporation, to return the overpaid house purchase price of RMB 3.6093 million, liquidated damages for delayed return of RMB 1.783 million, and the corresponding liquidated damages. As of the date of approval for issue of these financial statements, Zibo Arbitration Commission has not yet made an award.

(3) On August 20, 2021, Sutong Construction Corporation applied to Zibo Arbitration Commission for arbitration, requesting the respondent to pay the outstanding project payment for 2# commercial building and the liquidated damages. On September 30, 2022, Zibo Arbitration Commission issued an award ([2020] ZZC No. 544), which ordered Zibo Real Estate to pay a total of RMB 11.346 million to Sutong Construction Corporation, consisting of project payment, liquidated damages, and interest on capital occupation. On November 2, 2021, Zibo Real Estate made an arbitration application to Zibo Arbitration Commission, requesting the respondent to refund the project payments and taxes it paid for 3# commercial building. On February 8, 2023, Zibo Arbitration Commission issued an award ([2021]ZZC No. 757), which ordered Sutong Construction Corporation to pay a total of RMB 12.6592 million to Zibo Real Estate, consisting of the project funds and VAT it paid. According to the arbitration, Zibo Real Estate filed an application for set-off of mature debts with the enforcement court on February 16, 2023. After consultation between the two parties, a settlement agreement was reached to offset the debts in an amount of RMB 11.346 million required in (2020) ZZC No. 544). After offsetting, the remaining debt required in (2021) ZZC No. 757 will be dealt with separately.

(4) On April 7, 2022, the Central Hospital filed a lawsuit against Zibo Real Estate to Zibo Hi-tech Industry Development Zone People's Court, requesting that the "Commercial House Purchase Contract" is terminated and the defendant returns the purchase price of RMB 6 million paid and compensate for the loss

of RMB 3.2281million for the interest on capital occupation and the loss of decoration of RMB 2.4753 million. On December 20, 2022, the court issued a civil judgment ([2022] LU 0391 MC No. 1160) as follows: ① The "Commercial House Purchase Contract" between the plaintiff Central Hospital and the defendant Zibo Real Estate on August 10, 2013 is terminated; ② The defendant Zibo Real Estate shall pay the plaintiff Central Hospital the house purchase price of RMB 6 million within ten days of the effective date of the judgment. ③ The defendant Zibo Real Estate shall, within ten days of the effective date of the judgment, pay the plaintiff the loss for interest on capital occupation of RMB 3.0284 million; ④ The defendant Zibo Real Estate shall pay the plaintiff the decoration loss of RMB 2.4205 million within ten days of the effective date of the judgment. After the above judgment was made, Zibo Real Estate filed an appeal to Zibo Intermediate People's Court. As of the date of these financial statements, Zibo Intermediate People's Court has not yet made a judgment.

(5) On October 28, 2022, Zibo Real Estate filed a lawsuit against Zibo Shengming Jiatong Commercial Trading Co., Ltd. and Zibo Bailebao Hotel Co., Ltd. with Zibo High tech Industrial Development Zone People's Court, requesting the two defendants to pay the rent of RMB 8.7168 million and the liquidated damages and economic loss. As of the date of these financial statements, the court has not yet made a judgment.

(6) 25 owners of 2# commercial building filed lawsuits against Zibo Real Estate to seek compensation for delayed delivery of houses, delayed handling of title certificates, delayed connection of natural gas facilities and laying of gas pipeline. Among them, two have obtained effective judgments, two were suspended by the second instance court during litigation, and 21 were still not admitted by the court. Based on the principle of prudence, Zibo Real Estate accrued liabilities, and as of the date of these financial statements, the judgments were not enforced yet.

(7) On November 10, 2022, Zibo Real Estate filed a lawsuit against Sutong Construction Corporation and Zibo Yufeng Real Estate, requesting the defendant to restore the premises of 3# commercial building of Huaqiao City to the original state and compensate for the loss (RMB 5 million as estimated). Zibo High-tech Industrial Development Zone People's Court admitted the case and as of the date of these financial statements, the court has not yet made a judgment.

(8) On September 15, 2022, Shandong Huicheng Construction Co., Ltd. filed a lawsuit against Zibo Real Estate and the Company with Zibo High-tech Industrial Development Zone People's Court, requesting Zibo Real Estate to pay the outstanding project funds of RMB21.6767 million and the overdue payment interest of RMB 5.3458 million (the interest is temporarily estimated

up to September 8, 2022) and the Company to assume joint and several liabilities for the debts. On April 6, 2023, Zibo High-tech Industrial Development Zone People's Court issued a civil ruling numbered (2023) Lu 0391 MC No. 14) to suspend the case.

XII. Events After the Balance Sheet Date

For the asset restructuring and non-public issue after the date of balance sheet, refer to items 6) and 7) under "4. Other Important Matters Having Influences on the Decisions of Investors" under "XIII Other Significant Events" of these financial statements.

XIII. Other Significant Events

1 Correction of accounting error in previous period

None

2 Debt restructuring

(1) The Company as the debtor

Way of Debt Restructuring	Debtor Relieved	Book Value of Debt	Related Profit and Loss of Debt Restructuring	Increase in the Owners' Equity Caused of Debt Restructuring
Debt forgiveness	Ningbo Dingliang Huitong Stock Investment Center	13,189,206.59	3,189,206.59	3,189,206.59
Debt forgiveness	Tibet Guojin Jufu Investment Management Co., Ltd.	26,119,958.90	4,312,558.90	4,312,558.90

3 Segment information

(1). Basis for determination and accounting policies of report segmentation

The Company determines the operating segments based on the internal organizational structure, management requirements, internal reporting system, and determines the reporting segments and discloses the segment information by operating segments.

The Company has identified three reporting segments by product and geographical location: Zibo Real Estate engaged in real estate development, VGML (FJ) engaged in overseas gold mining, and other companies engaged in gold mining or other mineral investment and exploration activities in China.

(2). Financial information of report segment

Item	Zibo Real Estate	VGML (UK)	Other companies	Inter-segment setoff	Total
Income from	19,402,037.84	240,936,562.20	16,810,595.86		277,149,195.90

Item	Zibo Real Estate	VGML (UK)	Other companies	Inter-segment setoff	Total
external transactions					
Income from investment in associates and joint ventures		3,689,065.91			3,689,065.91
Credit impairment loss	-15,022,750.60	123,633.59	-51,528,121.30		-66,427,238.31
Asset impairment loss	528,429.32	375,845.27			904,274.59
Depreciation and amortization	5,737,318.43	111,388,374.28	8,994,394.14		126,120,086.85
Total profit (loss)	-31,277,359.52	-146,592,102.57	396,204,928.72		218,335,466.63
Income tax expense	-4,508,600.15				-4,508,600.15
Net profit (loss)	-26,768,759.37	-146,592,102.57	396,204,928.72		222,844,066.78
Total assets	339,704,856.91	784,862,742.85	2,008,296,118.87	1,415,163,648.76	1,717,700,069.87
Total liabilities	201,839,138.88	690,326,637.30	546,918,892.82	393,526,451.75	1,045,558,217.25
Long-term equity investment in associates and joint ventures		47,583,622.67			47,583,622.67
Increase in non-current assets other than long-term equity investment	13,444,394.40	23,455,886.21	-24,138,645.43	-	12,761,635.18

4 Other significant matters that influence the decisions of investors.

(1) As of December 31, 2022, the principal of borrowings from non-financial institutions which have become overdue and not repaid yet was RMB 116.5 million, consisting of RMB 102 million from Cui Wei, RMB 10.5 million from Liu Jiaqing, and RMB 4 million from Xu Feng. The interest for overdue payment was RMB 111 million.

On May 13, 2020, Cui Wei filed a lawsuit over borrowing dispute to Shanghai High People's Court, which was rejected on February 26, 2021. Later Cui Wei was sentenced for criminal offence and the borrowing would be recovered by the court following criminal procedure. On August 6, 2021, it was confirmed by the Company, the lawyer, and the court through recorded conversation that a total of RMB150 million (including principal and interest) shall be repaid and the following repayment schedule was agreed: RMB 18 million to be repaid in 2021, RMB 45 million to be repaid in 2022, and RMB 87 million to be repaid prior to September 30, 2023.

As of December 31, 2022, the Company has repaid RMB 38 million. Although it was clearly stated in the conversation records that the Company should be relieved from the debt to Cui Wei after repaying the RMB 150 million according to the repayment schedule, the risk still existed because once the Company failed to repay the RMB 150 million within the time period scheduled due to tight cash flow, the total amount of to be repaid would be recalculated.

(2). The Pledge over Shares Contract between Ranchengcheng Far (the controlling shareholder of the Company) and TF Securities become mature on January 17, 2020. The two parties made active discussions. Ranchengcheng Far intended to settle the debts in significant amounts through extension or repurchase of shares, but the finalized extension agreement has not been executed yet. As of the date of approval of the financial statements, Ranchengcheng Far held 233,000,000.00 (accounting for 25.08%) shares of the Company, all of which were subject to the pledge and have been frozen.

(3). As for the contractual dispute between Ranchengcheng Far (the controlling shareholder of the Company) and Huayou Capital Management, the civil judgment of LU (2020) MZ No.2404 made by Shandong High People's Court has taken legal effect and Huayou Capital Management has made an application to Jinan Intermediate People's Court for enforcement of the obligations required in the judgment. Jinan Intermediate People's Court accepted the application on January 29, 2021 and March 4, 2021. In September 2021, Ranchengcheng Far and Huayou Capital Management reached an enforcement settlement agreement and submitted it to the court, which suspended the enforcement procedure. The assets seized and frozen of Ranchengcheng Far will be gradually released with the fulfilment of the settlement agreement by Ranchengcheng Far.

(4) On December 31, 2021, the Company entered into a Shares Transfer Agreement with Zijin South to transfer 76% shares the Company held in Pingwu Zhongjin to Zijin South at a price of RMB 323 million. Moreover, to obtain the shares in Pingwu Zhongjin, Zijin South shall repay the debt of Pingwu Zhongjin owed to Zhongrun Mining Development Co., Ltd. in an amount of RMB 145 million. On January 25, 2022, Pingwu Zhongjin completed the share transfer registration procedures and the registration change procedures with industrial and commercial authorities, obtained the "Business License" issued by Pingwu Market Supervision Administration, and completed the handover of licenses and certificates, assets, management power, and documents before January 31, 2022, which meant that the power of control over Pingwu Zhongjin was completely transferred to Zijin South. As of December 31, 2022, the Company has received the share transfer payment of

RMB 223 million and creditor's right transfer payment of RMB145 million from Zijin South. According to the Share Transfer Agreement, the Company shall bear the debt of Pingwu Zhongjin that exceeds RMB 11 million from September 30, 2021 to the management right handover date, totally RMB 10.9126 million including RMB 9.3164 million for accounts payable and RMB 1.5962 million for termination compensation and transition period expenses. At the level of individual financial statements, the Company will deduct the difference of RMB 312 million between the disposal price of gains and losses in transition period and the book value RMB 0 of long-term equity investment in Pingwu Zhongjin in recognizing the current investment income in individual financial statements. At the level of consolidated financial statements, the Company will recognize the difference RMB 402 million between the consideration received for equity disposal and the net asset share of RMB-90 million in Pingwu Zhongjin at the point of time of disposal as the current investment income in the consolidated financial statements. According to the Share Transfer Agreement, the total amount of the considerations to be received by the Company for shares and creditor's rights transferred was RMB 468 million, which will be paid in four installments as follows: 1st payment: Zijin South shall pay RMB 15 million within seven (7) working days after the Agreement is signed and approval from the Board of Directors of the two Parties or the competent institutions is obtained. 2nd payment: Zijin South shall make a payment of RMB 170 million within seven (7) working days from the date that the 76% shares of Sichuan Pingwu transferred was registered in the name of Zijin South and 100% shares of Zhongrun International was pledged in the favor of Party A. 3rd payment: Zijin South shall pay RMB 38 million within seven (7) working days from the date that the area with the mining right is not within the approved scope of the Giant Panda Park Reserve, and repay the debt of RMB 145,237,800 held by Zhongrun Mining. 4th payment: Zijin South shall pay RMB 100 million within seven (7) working days from the date that it is confirmed that the mining right is not within the scope of approved ecological red line of Sichuan Province. In 2022, the Company received RMB 368.2378 million for the shares and creditor's rights transferred and as of the date of these financial statements, the outstanding amount owed by Zijin South was RMB100 million. Moreover, the termination clause in the agreement stipulates that if the Giant Panda Reserve or ecological red line is not approved or confirmed by the government departments within three (3) years from the effective date of this Agreement, Zijin South has the right to decide on whether to terminate the Agreement since the fourth year. On May 30, 2022, the Department of Natural Resources of Sichuan Province issued the Exploration License to Yinchang Gold Mine in Pingwu County, Sichuan Province, with the license number of T51000020080440100005069, the covered area of 2.8754 km^2 and the validity from March 21, 2018 to March 21, 2023. At present, the mining right of Yinchang gold mine of Pingwu Zhongjin is renewed.

(5) On June 28, 2021, the Company held the 26th meeting of the 9th Board of Directors and approved the ***Proposal for Approving the Controlled Subsidiaries to Enter into Metal Streaming Agreements and Provide Security***. VATUKOULA GOLD MINES PTE LIMITED (FJ), a controlled subsidiary of the Company, hereinafter referred to as "VGML"), signed the "Gold Purchase Agreement" and the annex NSR Agreement with SANDSTORM GOLD LTD., hereinafter referred to as "Sandstorm Gold") on June 28, 2021 to meet the financial needs of mine expansion, which are collectively referred to as the "Metal Streaming Agreement". On July 23, 2021, the Company held a General Meeting to review and approve the above matters. [For details, refer to the *Announcement of BOD Resolution Passed on the 26th Meeting of the 9th Board of Directors* (No.: 2021-031), and the *Announcement of the Resolution Passed on the Second Extraordinary General Meeting* (No.: 2021-032), disclosed on June 30, 2021 and July 24, 2021 respectively]. The main provisions of the Gold Purchase Agreement and the related guarantees are as follows:

1) Sandstorm pays an advance payment of US$30 million ("Advance Payment") to VGML to acquire specific metal streaming rights and interests over the gold to be produced in the future from the three mining rights wholly held by VGML in Fiji at present, and the mining rights and exploration rights within 5 km from the boundaries of the three mining rights that will be obtained by its affiliates since the date of this agreement; collectively as the Target Mining Area of Metal Streaming. Meanwhile, Sandstorm pays $10 as a consideration in exchange for the NSR rights and interests over the three exploration rights indirectly held by VGML through Goldbasin Mining (Fiji) Pte Limited (45% shared held by VGML) and the mining rights and exploration rights obtained by VGML and its affiliates within 5 km of the boundaries of the three exploration rights above since the date of this agreement, and not included in the scope of the Target Mining Area under Metal Streaming, which are referred to Target Mining Area under NSR.

2) Under the metal streaming agreement, throughout the term of the agreement (40 years), VGML shall deliver a total of 25,920.00 ounces of gold to Sandstorm within 72 months after the completion of this transaction, at a price equivalent to 20% of the trading price in London Gold Market at the time of delivery.

3) After the 72 months, VGML shall deliver 2.9% of the gold production of the Target Mining Area under Metal Streaming to Sandstorm on a monthly basis. When the gold production of VGML from the Target Mining Area under Metal Streaming exceeds 100,000 ounces, VGML (FJ) shall provide 2.55% of the excess gold.

4) Under the NSR Agreement, VGML shall pay royalty at 1.0% of Net Smelter Returns, that is, whenever any income is received from any minerals

produced in the Target Mining Area under NSR, VGML shall pay 1% of the net smelter returns from the income of minerals produced in the Target Mining Area under NSR, from which the expenses for smelting and transportation and other deductible expenses shall be deducted.

5) Sandstorm, VGML, and the Escrow Agent shall sign an Escrow Agreement under which Sandstorm shall pay an advance payment of USD30 million to the escrow account set up by AK Lawyers, the escrow agent selected by the two Parties, and VGML shall start to fulfill the obligation of gold delivery according to the Agreement.

6) Vatukoula Gold Mines Limited ("VGM") and Koula Mining Company Limited ("Koula"), controlled subsidiaries of the Company, shall provide guarantees for the interests of Sandstorm in the Metal Streaming Agreement and NSR Agreement and assume unconditional guarantee liabilities for VGML's payment, compliance, and performance "obligations" under the Gold Purchase Agreement, and VGM shall pledge all shares it directly holds in VGML and Koula in future after the adjustment of the shareholding structure. Each of VGML and Koula shall pledge all of its assets (including mining rights, exploration rights, and movable properties held by VGML, as well as immovable property related to VGML held by Koula), and sign debt repayment postponement and discharge (to the extent that Sandstorm is not fully compensated for its loss caused by VGML's default) agreements with VGML's affiliates that hold creditor's rights against VGML.

After the Metal Streaming Agreement is signed, the closing time under the Gold Purchase Agreement was delayed due to delayed approval progress of the relevant departments in Fiji caused by changes in local health policies. After communication and negotiation between VGML and Sandstorm, VGML issued an Undertaking in December 2021 to adjust the gold delivery obligations stipulated in the Gold Purchase Sale Agreement as follows: 350 ounces of Refined Gold within three (3) Business Days of the Closing Date; , a total of 4210 ounces of gold from 15 days before the following month of closing until 15 days before June 2023. The ounces of gold (rounded up to integer) delivered every month shall be equal until it is further adjusted in June 2023. If the closing occurs in December 2021, 234 ounces of gold shall be delivered every month before June 2023, 232 ounces to be delivered in June 2023, and 445 ounces every month for the following 48 months. According to the above adjustments, the monthly quantity of gold to be delivered is subject to adjustment before the specific number of ounces is converted to a certain proportion of production, provided that the total quantity agreed shall be 25,920 ounces and unchanged. [For details, refer to the Announcement on the Progress of Metal Streaming Agreement to be Signed by Controlled Subsidiary (No.: 2021-070) disclosed by the Company on December 15, 2021. According to the Gold Purchase Agreement, only when VGML makes the capital available, it may withdraw funds from the escrow agreement managed jointly with Sandstorm to be used for the expansion.

In the first half of 2022, the mine shafts of VGML were flooded due to the rainstorm in Fiji, and as affected by the local health policies, the workers of the mine could not work normally as usual, which led to the decline of mine production. Meanwhile, the adverse international environment caused significant reduction of international shipping lines and difficulties in the transportation of equipment and components, which resulted in the slow progress of mine transformation, aging of mining and beneficiation equipment, frequent malfunctions, and serious decline in the gold production compared to the same period last year. On the other hand, the purchase price of fuel increased significantly since the beginning of 2022 as compared to last year, which led to significant increase in the purchase cost of fuel, the largest cost in gold production. The combination of factors such as decline in gold production and significant increase in fuel costs has led to losses of VGML, as well as insufficient operating cash flow. Under the combined influences of gold production decline, significant increase of fuel cost, and other factors, VGML was under deficit and the working capital was inadequate. Due to the insufficient cash flow, VGML had no available capital to be used for the expansion project and the funds in the escrow account of Sandstorm could not be used. Moreover, VGML was required to pay a fixed quantity of gold to Sandstorm according to the Agreement, which made the cash flow of VGML worse. To solve these difficulties, VGML made active communication with Sandstorm. Through friendly negotiation, on October 24, 2022, VGML and Sandstorm agreed to revise the "Gold Purchase Agreement" to reduce the fixed quantity of gold to be delivered (for details of the revision, refer to the "Announcement on the Progress of Signing Revision Agreement and Metal Streaming Agreement by Held Subsidiaries" (No. 2022-064) on November 1, 2022). After the revision, the fixed delivery quantity of gold was reduced, which helped mitigate the financial pressure and tight capital situation of VGML.

(6). On March 27, 2023, the Company held the 12th meeting of the 10th Board of Directors and approved the proposals including the Proposal on Major Asset Restructuring Plan and the Proposal on the Major Asset Replacement Report (Draft) and Summary. The Company intended to exchange its 100% shares in Zibo Real Estate and Jinan Xingrui with the 51% shares in Xinjin International Co., Ltd. held by Shenzhen Mawei Titanium Co., Ltd.. Meanwhile, Mawei Titanium undertakes the debt of RMB37.5772 million payable by the Company to Jinan Xingrui. For this major asset replacement, no cash consideration is required. The base date of valuation for the assets under the replacement is September 30, 2022. As the financial data of audit report has gone beyond the validity period, the Company needs to conduct extended audit on the financial data about these assets. The Company is promoting the extended audit and related work normally.

(7). On November 25, 2022, the Company held the 10th meeting of the 10th Board of Directors and approved the non-public issuance of A-shares. The Company planned to issue 190,280,746 A-shares to Lianchuang Dingrui in a non-public way, accounting for 17% of the total share capital of the Company after this non-public offering. The total amount to be raised was RMB532.7861 million, and Lianchuang Dingrui would subscribe to the shares by cash. For the long-term and stable development of the listed company, on November 25, 2022, Ningbo Ransheng Shengyuan, the former controlling shareholder of the Company, and Lianchuang Dingrui, the issuer, signed an agreement on waiving the exercise of the voting rights of ZRC and it was agreed that Ransheng Shengyuan waived permanently all voting rights of 233,000,000 shares it held in the listed company, which became effective from the date of completion of the registration of the non-public issuance of shares.

After the completion of this non-public offering, Lianchuang Dingrui will hold 17.00% shares of the Company, accounting for 21.47% of the total voting shares of the listed company. The controlling shareholder of the Company will be changed from Ran Shengyuan to Lianchuang Dingrui, and the actual controller of the listed company will be changed from Mr. Guo Changwei to Mr. Zhu Yifan.

XIV. Notes to Major Items in Financial Statements of Parent Company

1 Other receivables

Item	Closing Balance	Closing Balance of last year
Interest receivable		
Dividend receivable		
Other receivables	393,530,445.92	424,614,820.09
Total	393,530,445.92	424,614,820.09

1) Interest receivable

None

2) Dividend receivable

3) Other receivables

(1) By account age:

Account age	Closing balance	Closing balance of last year
Within 1 year	126,530,399.37	19,875,945.22
1-2 years	18,226,001.88	36,215,720.44
2-3 years	36,216,952.88	68,573,697.11
3-4 years	62,948,616.27	282,671,670.28
4-5 years	156,060,461.64	26,213,652.21
Over 5 years	673,261,847.90	672,361,278.32

Account age	Closing balance	Closing balance of last year
Subtotal	1,073,244,279.94	1,105,911,963.58
Less: Bad debt provision	679,713,834.02	681,297,143.49
Total	393,530,445.92	424,614,820.09

(2) By class and bad debt provision method:

Type	Closing Balance					Closing Balance of last year				
	Book Balance		Bad Debt Provision		Book Value	Book Balance		Bad Debt Provision		Book Value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision made separately by single item	672,675,105.78	62.68	672,675,105.78	100.00		625,855,722.02	56.59	625,855,722.02	100.00	
Including:										
Other receivables in significant single amount with bad debt provision made separately	672,675,105.78	62.68	672,675,105.78	100.00		625,855,722.02	56.59	625,855,722.02	100.00	
Bad debt provision made by combination	400,569,174.16	37.32	7,038,728.24	1.76	393,530,445.92	480,056,241.56	43.41	55,441,421.47	11.55	424,614,820.09
Including:										
Other receivables with bad debt provision made by combination based on credit risk characteristics	115,363,454.11	10.75	7,038,728.24	6.10	108,324,725.87	68,873,149.93	6.23	55,441,421.47	80.50	13,431,728.46
Related party combination	285,205,720.05	26.57			285,205,720.05	411,183,091.63	37.18			411,183,091.63
Total	1,073,244,279.94	100.00	679,713,834.02		393,530,445.92	1,105,911,963.58	100.00	681,297,143.49		424,614,820.09

Bad debt provision made on a single item basis:

Name	Closing Balance			
	Book balance	Bad debt provision	Proportion (%)	Reason
Qilu Real Estate Co., Ltd.	64,406,155.04	64,406,155.04	100.00	Expected to be not recoverable
Li Xiaoming	560,335,147.00	560,335,147.00	100.00	Expected to be not recoverable
PESI Co., Ltd.	47,933,803.74	47,933,803.74	100.00	Expected to be not recoverable
Total	672,675,105.78	672,675,105.78		

Bad debt provision made by combination:

Name	Closing Balance		
	Other Receivables	Bad Debt Provision	Proportion (%)
Within 1 year	106,027,870.95	5,301,393.56	5.00
1-2 years	5,152,843.44	515,284.34	10.00
2-3 years	3,630,861.72	726,172.34	20.00
3-4 years	80,000.00	24,000.00	30.00
4-5 years			
Over 5 years	471,878.00	471,878.00	100.00
Total	115,363,454.11	7,038,728.24	

(3) Provision for bad debts

Bad debt provision	Phase 1 Expected credit loss in the next 12 months	Phase 2 Expected credit loss for the entire duration (without credit impairment)	Phase 3 Expected credit loss for the entire duration (with credit impairment)	Total
Closing balance of last year	1,799,084.67		679,498,058.82	681,297,143.49
Amount in this period of last year closing balance				
--Transfer to phase 2				
--Transfer to phase 3				
--Transfer back to phase 2				
--Transfer back to phase 1				
Provision in current period	5,923,087.61			5,923,087.61
Reversal in current period			292,616.24	292,616.24
Transfer in in current period	683,444.04		531,073.77	1,214,517.81
Write-off in in current period			53,111,263.03	53,111,263.03
Other change			47,112,000.00	47,112,000.00

Bad debt provision	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (without credit impairment)	Expected credit loss for the entire duration (with credit impairment)	
Closing balance	7,038,728.24		672,675,105.78	679,713,834.02

Changes in the book balance of other receivables are as follows:

Book value	Phase 1	Phase 2	Phase 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (without credit impairment)	Expected credit loss for the entire duration (with credit impairment)	
Closing balance in last year	426,178,399.00		679,733,564.58	1,105,911,963.58
Amount in current period of last year closing balance				
--Transfer to phase 2				
--Transfer to phase 3				
--Transfer back to phase 2				
--Transfer back to phase 1				
Increase in current period	5,045,118.38			5,045,118.38
De-recognition in in current period	30,654,343.22		54,170,458.80	84,824,802.02
Other change			47,112,000.00	47,112,000.00
Closing balance	400,569,174.16		672,675,105.78	1,073,244,279.94

(4) Bad debt provisions made, reversed or recovered in this period:

Category	Closing Balance of last year	Change in current period Closing balance			Closing balance
		Provision made	Reversed or recovered	Write-off or cancelled	
Other receivables in significant single amount with bad debt provision made separately	625,855,722.02	47,112,000.00	292,616.24		672,675,105.78
Other receivable with bad debt provision made by combination based on credit risk characteristics	55,441,421.47	5,923,087.61		54,325,780.84	7,038,728.24
Total	681,297,143.49	53,035,087.61	292,616.24	54,325,780.84	679,713,834.02

(5) Other receivables written off actually in this period

Item	Amount Written-off
Other receivables actually written off	53,111,263.03

Other important receivables written off in this period:

Name of Company	Nature of other receivables	Amount written off	Reasons for Writing-off	Writing-off procedures	Whether the amount comes from related transactions
Shanghai Xuxin Import & Export Co., Ltd.	Current accounts	30,000,000.00	Disposal of overdue debt	BOD approval	No
Huzhou Hongtai Import & Export Co., Ltd.	Current accounts	15,000,000.00	Disposal of overdue debt	BOD approval	No
Zhejiang Ruisen Paper Co.,Ltd.	Current accounts	7,874,457.20	Disposal of overdue debt	BOD approval	No
Total		52,874,457.20			

(6) Other receivables classified by nature

Type	Closing Book Balance	Closing Book Balance of last year
Receivables from transfer of shares and creditor's rights	164,406,155.04	64,406,155.04
For transaction with other enterprises other than affiliates	14,496,824.43	67,548,216.68
Earnest money	560,335,147.00	513,223,147.00
Iron ore construction fee and capital occupation fee	47,933,803.74	48,226,419.98
Deposits and margins	551,878.00	1,052,838.00
Employee reserve loan	150,849.85	130,677.25
Social Security and Provident Fund	163,901.83	141,418.00
Related business transactions	285,205,720.05	411,183,091.63
Total	1,073,244,279.94	1,105,911,963.58

(7) Top five other receivables by closing balance classified by debtor

Debtor	Nature of Receivables	Closing Balance	Account Ageing	Proportion in Total Closing Balance of Other Receivables (%)	Bad Debt Provision Closing Balance
Li Xiaoming	560,335,147.00	3-4 years: 3,167,147.00 Over 5 years:	52.21	560,335,147.00	560,335,147.00

Debtor	Nature of Receivables	Closing Balance	Account Ageing	Proportion in Total Closing Balance of Other Receivables (%)	Bad Debt Provision Closing Balance
		557,168,000.00			
Zhongrun Mining Development Co., Ltd.	281,921,839.43	Within 1 year: 20,501,948.42; 1-2 years: 13,072,878.44; 2-3 years: 32,585,081.66; 3-4 years: 59,701,469.27; 4-5 years: 156,060,461.64	26.27		281,921,839.43
Zijin South	100,000,000.00	Within 1 year	9.32	5,000,000.00	100,000,000.00
Qilu Real Estate Co., Ltd.	64,406,155.04	Over 5 years	6.00	64,406,155.04	64,406,155.04
PSEI International Trade Co., Ltd.	47,933,803.74	Over 5 years	4.47	47,933,803.74	47,933,803.74
Total	1,054,596,945.21		98.27	677,675,105.78	1,054,596,945.21

(8) Other receivables involving government subsidy

None

2 Long-term equity investment

Item	Closing Balance			Closing Balance of last year		
	Book Balance	Impairment provision	Book Value	Book Balance	Impairment provision	Book Value
Investment in subsidiaries	1,043,821,197.01		1,043,821,197.01	1,043,821,197.01		1,043,821,197.01
Total	1,043,821,197.01		1,043,821,197.01	1,043,821,197.01		1,043,821,197.01

(1). Investment in subsidiaries

Investee	Closing Balance of last year	Increase in this Period	Decrease in this Period	Closing Balance	Impairment Provision Accrued in this Period	Closing Balance of Impairment Provision
Shandong Zhongrun Corporation Zibo Real Estate Co., Ltd.	113,623,797.01			113,623,797.01		
Zhongrun Mining Development Co., Ltd.	500,000,000.00			500,000,000.00		
Jinan Xingrui	430,197,400.00			430,197,400.00		

Investee	Closing Balance of last year	Increase in this Period	Decrease in this Period	Closing Balance	Impairment Provision Accrued in this Period	Closing Balance of Impairment Provision
Commercial Operation Co., Ltd.						
Total	1,043,821,197.01			1,043,821,197.01		

(2) Investment in joint ventures and associates

None

(3) Operating income and cost

(1) Operating income and cost

Item	This Period		Last Period	
	Income	Expenses	Income	Expenses
Main business				
Other businesses	5,219,195.24	4,108,552.20	5,165,405.74	4,108,552.20
Total	5,219,195.24	4,108,552.20	5,165,405.74	4,108,552.20

Operating income breakdown

Item	This period	Last period
Lease income	5,219,195.24	5,165,405.74
Total	5,219,195.24	5,165,405.74

4. Income from investment

Item	This period	Last period
Income from long-term equity investment calculated at cost method		324,000,000.00
Investment income from disposal of long-term equity investment	312,087,443.35	
Investment income from debt restructuring	7,501,765.49	
Total	319,589,208.84	324,000,000.00

XV. Supplementary Information

1 Current non-recurrent profits and losses

Item	Amount	Remarks
Gains or losses from disposal of non-current assets	401,266,466.46	It mainly refers to the investment income from disposal of shares Sichuan Pingwu as recognized in this period, that is RMB402,120,135.93.
Government subsidies recorded into the current profit and loss (except for the government subsidies that are closely related to the business of the enterprise and granted according to the quota required by national uniform standards)	784,408.55	
Profit and loss from debt restructuring	7,501,765.49	It mainly refers to the debt repaid by the Company to Dingliang Huitong

Item	Amount	Remarks
		and Tibet Guojin Jufu Investment Management Co., Ltd.
Reversal of provision for impairment of receivables and contractual assets for which the impairment test is done separately	292,616.24	
Other non-operating incomes and expenses except above	-19,282,598.06	
Subtotal	390,562,658.68	
Effect on income tax		
Effect on minority shareholder (after tax)		
Total	390,562,658.68	

2 Return on equity and earnings per share

Profit of Report Period	Weighted average return-on-equity (%)	Earnings per share (yuan)	
		Basic	Diluted
Net profit attributable to common shareholders	50.49	0.27	0.27
Net profit attributable to common shareholders after deduction of non-recurrent profit or loss	-27.45	-0.15	-0.15

Zhongrun Resources Investment Corporation

(official seal)

April 26, 2023