China Vanadium Titano-Magnetite Mining Company Limited
中國釩鈦磁鐵礦業有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00893)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- The Continuing Operations' revenue was approximately RMB684.8 million for the year ended 31 December 2018, representing a decrease of RMB192.4 million or 21.9% as compared to approximately RMB877.2 million for the year ended 31 December 2017.

- The Continuing Operations' gross profit was approximately RMB50.5 million for the year ended 31 December 2018, representing a sharp increase as compared with approximately RMB15.6 million for the year ended 31 December 2017. The gross profit margin was approximately 7.4% for the year, which is a significant improvement as compared to approximately 1.8% for the year ended 31 December 2017.

- The Continuing Operations recorded net profit after tax amounting to RMB4.7 million while Discontinued Operations recorded net loss after tax amounting to RMB453.9 million. The Group reported net loss attributable to owners of the Company of RMB444.0 million, excluding that for non-controlling interests.

- The Group's net operating cash flows position improved significantly. The net cash flows from operating activities were approximately RMB208.2 million for the year ended 31 December 2018 as compared to the net cash flows from operating activities of approximately RMB67.0 million for the year ended 31 December 2017.

- Given the above, the basic and diluted loss per Share attributable to ordinary equity holders of the Company was approximately RMB0.20 for the year ended 31 December 2018, representing an increase of RMB0.04 or 25.0% as compared to approximately RMB0.16 for the year ended 31 December 2017.

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

The Board hereby announces the audited consolidated results of the Group for the year ended 31 December 2018 together with the comparative figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** **RMB'000**	2017 *RMB'000* (Re-presented)
CONTINUING OPERATIONS			
REVENUE	*3, 4*	**684,750**	877,183
Cost of sales		**(634,210)**	(861,611)
Gross profit		**50,540**	15,572
Other income and gains	*4*	**602**	1,353
Selling and distribution expenses		**(11,284)**	(15,123)
Administrative expenses		**(34,746)**	(15,931)
Other expenses		**(2,256)**	(8,123)
Impairment losses on property, plant and equipment	*6*	**(1,071)**	–
Impairment losses on intangible assets	*6*	**–**	(64,884)
Reversal/(provision) of impairment losses on trade receivables, net	*6*	**9,898**	(10,521)
Impairment losses on financial assets included in prepayments, other receivables and other assets	*6*	**(23)**	–
Impairment losses on assets held for sale	*6*	**(1,469)**	(4,525)
Fair value losses on financial assets at fair value through profit or loss	*6*	**–**	(109,617)
Finance costs	*5*	**(8,343)**	(5,282)
Share of losses of an associate		**–**	(9,458)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**1,848**	(226,539)
Income tax credit	*7*	**2,808**	4,076
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**4,656**	(222,463)
DISCONTINUED OPERATIONS			
Loss for the year from Discontinued Operations	*8*	**(453,907)**	(167,158)
LOSS FOR THE YEAR		**(449,251)**	(389,621)

	Notes	**2018** *RMB'000*	2017 *RMB'000* (Re-presented)
OTHER COMPREHENSIVE INCOME/(LOSS):			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**989**	(140)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(448,262)**	(389,761)
Loss attributable to:			
Owners of the Company		**(443,969)**	(349,490)
Non-controlling interests		**(5,282)**	(40,131)
		(449,251)	(389,621)
Total comprehensive loss attributable to:			
Owners of the Company		**(443,161)**	(349,603)
Non-controlling interests		**(5,101)**	(40,158)
		(448,262)	(389,761)
Earnings/(loss) per Share attributable to ordinary equity holders of the Company:			
Basic and diluted			
– For loss for the year	*10*	**RMB(0.20)**	RMB(0.16)
– For profit/(loss) from Continuing Operations	*10*	**RMB0.00**	RMB(0.08)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**159,203**	630,898
Intangible assets	12	**737,526**	1,349,971
Other intangible asset	13	**7,525**	8,440
Prepaid land lease payments	14	**–**	33,015
Prepayments, other receivables and other assets	15	**1,172**	7,347
Payments in advance		**–**	156
Deferred tax assets	16	**17,601**	70,269
Total non-current assets		**923,027**	2,100,096
CURRENT ASSETS			
Inventories	17	**23,627**	174,637
Trade and bills receivables	18	**105,229**	373,707
Prepayments, other receivables and other assets	15	**21,222**	71,387
Due from related parties		**–**	637
Cash and cash equivalents		**33,696**	13,286
		183,774	633,654
Assets classified as held for sale	20	**41,169**	302,125
Assets of a disposal group classified as held for sale	8	**1,297,877**	–
Total current assets		**1,522,820**	935,779
CURRENT LIABILITIES			
Trade and bills payables	21	**54,235**	175,871
Contract liabilities	22	**5,811**	–
Other payables and accruals	23	**77,878**	554,906
Interest-bearing bank and other loans	24	**84,645**	596,205
Due to related parties		**9,805**	11,220
Tax payable		**9,154**	3,254
Dividend payable		**–**	1,801
		241,528	1,343,257
Liabilities directly associated with the assets classified as held for sale	8	**1,291,490**	–
Total current liabilities		**1,533,018**	1,343,257

	Notes	2018 RMB'000	2017 RMB'000
NET CURRENT LIABILITIES	*2.1*	**(10,198)**	(407,478)
TOTAL ASSETS LESS CURRENT LIABILITIES		**912,829**	1,692,618
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	*24*	**16,149**	311,106
Provision for rehabilitation	*25*	**1,833**	11,400
Other payables	*23*	**1,151**	25,007
Total non-current liabilities		**19,133**	347,513
Net assets		**893,696**	1,345,105
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*26*	**197,889**	197,889
Reserves		**376,848**	823,018
		574,737	1,020,907
Non-controlling interests		**318,959**	324,198
Total equity		**893,696**	1,345,105

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 April 2008 under the Companies Law. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Unit A, 4th Floor, E168, Nos. 166-168 Des Voeux Road Central, Hong Kong.

During the year ended 31 December 2018, the Group was principally engaged in the following principal activities:

- mining and ore processing
- sale of self-produced products
- trading of coals and steels
- management of strategic investments
- rendering of specialised mining services

In the opinion of the Directors, Trisonic International, a company incorporated in Hong Kong, is the parent and the ultimate holding company of the Company.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. Assets of a disposal group classified as held for sale and assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 8 and note 20. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

During the year ended 31 December 2018, the Group incurred a consolidated net loss of RMB449,251,000 (2017: RMB389,621,000). As at 31 December 2018, the Group had net current liabilities of RMB10,198,000 (2017: RMB407,478,000).

In view of these circumstances, the Directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing the following measures:

(a) As at 31 December 2018, other than the borrowings of the Disposal Group, the Group's total borrowings amounted to RMB100,794,000, of which RMB84,645,000 will be due within twelve months from 31 December 2018. The Group has not experienced any significant difficulties in renewing its short-term bank loans upon their maturities and there is no indication that the banks will not renew the existing bank loans if the Group applies for renewal. The Group will actively negotiate with the banks for the renewal of its borrowings when they fall due to secure necessary facilities to meet the Group's working capital and financial requirements in 2019. The Directors have evaluated all the relevant facts available to them and are of the opinion that they have a good track record or relationship with the banks so that the bank loans will be renewed upon maturity.

(b) As mentioned in note 1, the Company has entered into the SPA with the Purchaser on 29 January 2019 in respect of the Disposal for the consideration of RMB550,000,000. The Disposal is expected to be completed before the end of the first half of 2019.

(c) The Group is actively following up with its customers on overdue trade receivables with an aim of agreeing a repayment schedule with each of them.

(d) The Group is proactively implementing various strategic plans to streamline its operations to improve profitability and initiate plans to rationalise assets. These include initiatives to scale back capacity, reduce headcounts, trim operating expenses and reduce capital expenditure.

The Directors have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2018 on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustment has not been reflected in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2018. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investments retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS 28

Other than as explained below regarding the impact of IFRS 9, IFRS 15 and the amendments to IFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

Further information about IFRS 15 and IFRS 9 applied by the Group is described below:

(a) IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

Classification and measurement

The following information sets out the impacts of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2018 is as follows:

		IAS 39 measurement				IFRS 9 measurement	
	Note	**Category**	**Amount** *RMB'000*	**Re-classification** *RMB'000*	**ECL** *RMB'000*	**Amount** *RMB'000*	**Category**
Financial assets							
Trade and bills receivables	*(i)*	L&R[1]	373,707	–	(3,096)	370,611	AC[2]
Financial assets included in prepayments, other receivables and other assets	*(i)*	L&R	10,974	–	(51)	10,923	AC
Due from related parties		L&R	637	–	–	637	AC
Cash and cash equivalents		L&R	13,286	–	–	13,286	AC
			398,604	–	(3,147)	395,457	
Other assets							
Deferred tax assets			70,269	–	–	70,269	
Total assets			468,873	–	(3,147)	465,726	
Financial liabilities							
Trade and bills payables		AC	175,871	–	–	175,871	AC
Financial liabilities included in other payables and accruals		AC	295,609	–	–	295,609	AC
Interest-bearing bank and other loans		AC	907,311	–	–	907,311	AC
Due to related parties		AC	11,220	–	–	11,220	AC
Dividend payables		AC	1,801	–	–	1,801	AC
Total liabilities			1,391,812	–	–	1,391,812	

[1] *L&R: Loans and receivables*

[2] *AC: Financial assets or financial liabilities at amortised cost*

Note:

(i) The Group has remeasured the carrying amount of the trade receivables and financial assets included in prepayments, other receivables and other assets based on the ECL allowance.

Impairment

The following table reconciles the aggregate opening impairment allowances under IAS 39 to the ECL allowances under IFRS 9. Further details are disclosed in notes 15 and 18 to the financial statements.

	Impairment allowances under IAS 39 at 31 December 2017 *RMB'000*	**Re-measurement** *RMB'000*	**ECL allowances under IFRS 9 at 1 January 2018** *RMB'000*
Trade receivables	340,748	3,096	343,844
Financial assets included in prepayments, other receivables and other assets	–	51	51
	340,748	3,147	343,895

Impact on reserves

The impact of transition to IFRS 9 on reserves is as follows:

	Reserves *RMB'000*
Accumulated reserves attributable to owners of the Company	
Balance as at 31 December 2017 under IAS 39	1,020,907
Recognition of expected credit losses for trade receivables under IFRS 9	(2,958)
Recognition of expected credit losses for financial assets included in prepayments, other receivables and other assets under IFRS 9	(51)
Balance as at 1 January 2018 under IFRS 9	1,017,898
Accumulated reserves attributable to non-controlling interests	
Balance as at 31 December 2017 under IAS 39	324,198
Recognition of expected credit losses for trade receivables under IFRS 9	(138)
Balance as at 1 January 2018 under IFRS 9	324,060

(b) IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 4 to the financial statements. As a result of the application of IFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of IFRS 15 was recognised as an adjustment to the opening balance of accumulated losses as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations.

Before the adoption of IFRS 15, the Group recognised consideration received from customers in advances from customers as other payables and accruals. Under IFRS 15, the amount is classified as contract liabilities. Therefore, upon the adoption of IFRS 15, the Group reclassified RMB1,955,000 from other payables and accruals to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advances. As at 31 December 2018, under IFRS 15, RMB5,811,000 was reclassified from other payables and accruals to contract liabilities in relation to the consideration received from customers in advance for the sale of goods.

Other than the reclassification explained above, the adoption of IFRS 15 has had no impact on the Group's profit or loss and other comprehensive income or on the Group's operating, investing and financing cash flows.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[1]

1 *Effective for annual periods beginning on or after 1 January 2019*
2 *Effective for annual periods beginning on or after 1 January 2020*
3 *Effective for annual periods beginning on or after 1 January 2021*
4 *No mandatory effective date yet determined but available for adoption*

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

IFRS 16, replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt IFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During 2018, the Group has performed a detailed assessment on the impact of adoption of IFRS 16. The Group has estimated that right-of-use assets of RMB4,594,000 and lease liabilities of RMB3,504,000 will be recognised at 1 January 2019.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRIC 23, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and products and has four (2017: two) reportable operating segments as follows:

(a) the high-Fe mining operation segment comprises the operation of sale of self-produced high-grade iron concentrates within the range of 65% TFe to 72% TFe;

(b) the trading segment comprises the operation of sale of traded products;

(c) the specialised mining services segment comprises the provision of specialist mining services, which include raise boring, shaft excavation, engineering services, and other mining services; and

(d) the corporate and others segment covers the non-operating activities supporting the Group which includes the central functions such as the functional costs that have not been allocated to the other segments.

During 2017, the Directors concluded that there were two separate reporting segments, after the acquisition of Mancala Holdings and its subsidiaries, which principally engages in the business of providing specialist mining services. During 2018, following operational and strategic reviews, the Directors monitored the results of the Group's operating segments separately into four segments. Following a change in the composition of the Group's reporting segments, the Group has restated the operating segment information for the year ended 31 December 2017.

The Directors monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from Continuing Operations. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income, other expenses, finance costs and fair value losses on financial assets at fair value through profit or loss are excluded from such measurement.

Segment assets exclude deferred tax assets and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable and dividend payables as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2018

	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segment revenue					
Sales to external customer	81,744	517,915	85,091	–	684,750
Intersegment sales	8,113	–	2,000	646	10,759
	89,857	517,915	87,091	646	695,509
Reconciliation:					
Elimination of intersegment sales					(10,759)
Revenue from Continuing Operations					684,750
Segment results	17,927	12,890	(12,273)	(6,699)	11,845
Reconciliation:					
Other income					602
Other expense					(2,256)
Finance costs					(8,343)
Profit before tax from Continuing Operations					1,848
Segment assets	341,335	132,419	120,141	7,300,117	7,894,012
Reconciliation:					
Elimination of intersegment receivables					(6,797,339)
Deferred tax assets					17,601
Cash and cash equivalents					33,696
Assets related to Discontinued Operations					1,297,877
Total assets					2,445,847
Segment liabilities	235,640	103,825	91,325	4,194,882	4,625,672
Reconciliation:					
Elimination of intersegment payables					(4,474,959)
Interest-bearing bank and other loans					100,794
Tax payable					9,154
Liabilities related to Discontinued Operations					1,291,490
Total liabilities					1,552,151
Other segment information					
Reversal of impairment losses on trade receivables, net *(note 18)*	(8,737)	(1,161)	–	–	(9,898)
Impairment losses on financial assets included in prepayments, other receivables and other assets *(note 15)*	23	–	–	–	23
Impairment losses on property plant and equipment *(note 11)*	–	–	1,071	–	1,071
Impairment losses on assets classified as held for sale *(note 6)*	–	–	1,469	–	1,469
Depreciation and amortisation *(notes 11, 12 and 13)*	11,882	–	6,420	–	18,302
Capital expenditure* *(note 11)*	20,411	22	1,360	239	22,032

* *Capital expenditure consists of additions to property, plant and equipment and intangible assets.*

Year ended 31 December 2017

	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segment revenue	67,690	805,918	3,575	–	877,183
Reconciliation:					
Elimination of intersegment sales					–
Revenue from Continuing Operations					877,183
Segment results	(12,687)	1,228	(12,992)	(189,638)	(214,089)
Reconciliation:					
Other income					1,353
Other expense					(8,521)
Finance costs					(5,282)
Loss before tax from Continuing Operations					(226,539)
Segment assets	323,274	490,809	118,452	4,939,718	5,872,253
Reconciliation:					
Elimination of intersegment receivables					(4,267,146)
Deferred tax assets					1,224
Cash and cash equivalents					13,211
Assets related to Discontinued Operations					1,416,333
Total assets					3,035,875
Segment liabilities	246,958	425,049	45,322	1,887,709	2,605,038
Reconciliation:					
Elimination of intersegment payables					(2,420,586)
Interest-bearing bank and other loans					94,211
Tax payable					10,075
Liabilities related to Discontinued Operations					1,402,032
Total liabilities					1,690,770
Other segment information					
Impairment losses on intangible assets	–	–	–	64,884	64,884
Impairment losses on assets classified as held for sale	–	–	4,525	–	4,525
Impairment losses on trade receivables	–	8,843	1,678	–	10,521
Depreciation and amortisation	9,852	–	741	103	10,696
Capital expenditure*	9,660	–	45,747	–	55,407

* *Capital expenditure consists of additions to property, plant and equipment and intangible assets, including assets from the acquisition of a subsidiary.*

Entity-wide disclosures

Geographical information

The following table sets out information about the geographical locations of the Group's revenue from external customers during the year. The geographical locations of customers are determined based on the locations designated by the customers at which the goods were delivered or services were rendered.

	2018	2017
	RMB'000	*RMB'000*
Domestic – Mainland China	**599,659**	873,608
Overseas – Australia	**85,091**	3,575
	684,750	877,183

At the end of the reporting period, except for certain property, plant and equipment located in Australia with the total net carrying amount of RMB40,326,000 (2017: RMB48,822,000), all of the Group's non-current assets were located in the PRC, the place of domicile of the Group's operating entities.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue, is set out below:

	2018	2017
	RMB'000	*RMB'000*
Customer A	**528,863**	805,254
Customer B	**80,434**	67,791

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
Revenue from contracts with customers				
Sales of goods:				
High-grade iron concentrates	**81,744**	**12.0**	67,690	7.7
Trading of coals	**271,416**	**39.6**	449,907	51.3
Trading of steels	**246,499**	**36.0**	356,011	40.6
Rendering of specialised mining services	**85,091**	**12.4**	3,575	0.4
	684,750	**100.0**	877,183	100.0

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018

	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Type of goods or services					
High-grade iron concentrates	81,744	–	–	–	81,744
Trading of coals	–	271,416	–	–	271,416
Trading of steels	–	246,499	–	–	246,499
Rendering of specialised mining services	–	–	85,091	–	85,091
	81,744	517,915	85,091	–	684,750
Geographical markets					
Mainland China	81,744	517,915	–	–	599,659
Australia	–	–	85,091	–	85,091
	81,744	517,915	85,091	–	684,750
Time of revenue recognition					
Goods transferred at a point in time	81,744	517,915	–	–	599,659
Services transferred over time	–	–	85,091	–	85,091
	81,744	517,915	85,091	–	684,750

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in segment information:

For the year ended 31 December 2018

	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Revenue from contracts with customers					
External customers	81,744	517,915	85,091	–	684,750
Intersegment sales	8,113	–	2,000	646	10,759
	89,857	517,915	87,091	646	695,509
Intersegment adjustments and eliminations	(8,113)	–	(2,000)	(646)	(10,759)
Total revenue from contracts with customers	81,744	517,915	85,091	–	684,750

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2018
	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Sale of goods from Continuing Operations *(note 22)*	**1,526**
Sale of goods from Discontinued Operations *(note 22)*	**429**
	1,955

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon delivery of the concentrates and payment is generally due within 30 to 90 days from delivery.

Specialised mining services

The performance obligation is satisfied over time as services are rendered and a proportional payment in advance is normally required. Payment is generally due upon completion of processing and customer acceptance.

An analysis of other income and gains is as follows:

	2018	2017
	RMB'000	*RMB'000*
Bank interest income	**49**	16
Government grants*	**86**	80
Miscellaneous	**467**	1,257
Total other income and gains	**602**	1,353

* *There were no unfulfilled conditions or contingencies relating to these grants.*

5. FINANCE COSTS

An analysis of finance costs from Continuing Operations is as follows:

	2018	2017
	RMB'000	*RMB'000*
Interest on bank and other loans	**7,906**	5,216
Interest on discounted bills receivable	**–**	5
Interest on hire purchase arrangements	**320**	–
Unwinding of discount on provision *(note 25)*	**117**	110
	8,343	5,331
Others	**–**	(49)
	8,343	5,282

6. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit/(loss) before tax from Continuing Operations was arrived at after charging/(crediting):

	Notes	**2018** **RMB'000**	2017 RMB'000
Cost of inventories sold		**560,747**	855,206
Cost of services rendered		**73,463**	6,405
Employee benefit expenses (including Directors' and chief executive's remuneration):			
Wages and salaries		**22,207**	11,988
Welfare and other benefits		**841**	878
Pension scheme contributions			
– Defined contribution fund		**3,781**	1,290
Housing fund			
– Defined contribution fund		**161**	195
Total employee benefit expenses		**26,990**	14,351
Depreciation	*11*	**16,443**	9,679
Amortisation of intangible assets	*12*	**944**	772
Amortisation of other intangible assets	*13*	**915**	–
Depreciation and amortisation expenses		**18,302**	10,451
Impairment losses recognised on:			
Intangible assets	*12*	**–**	64,884
Assets classified as held for sale		**1,469**	4,525
Property, plant and equipment	*11*	**1,071**	–
Financial assets included in prepayments, other receivables and other assets	*15*	**23**	–
Provision/(reversal) of impairment losses on trade receivables, net	*18*	**(9,898)**	10,521
Total provision/(reversal) of impairment losses, net		**(7,335)**	79,930
Operating lease rentals		**1,371**	395
Fair value loss on a previously held equity interest under the step acquisition of a subsidiary		**–**	633
Auditor's remuneration		**1,050**	637
Fair value losses on financial assets at fair value through profit or loss	*19*	**–**	109,617

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group was not subject to any income tax in the Cayman Islands and the BVI during the two years ended 31 December 2018 and 2017.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the two years ended 31 December 2018 and 2017.

The provision for PRC corporate income tax ("CIT") is based on the respective PRC CIT rates applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of Mainland China for the year.

All subsidiaries domiciled in the PRC (the "PRC subsidiaries") were subject to the PRC CIT rate of 25% during the year ended 31 December 2018. Pursuant to the income tax rules and regulations in Australia, the Group's subsidiaries located in Australia are liable to Australia corporate income tax at a rate of 30% on the assessable profits generated for the year. Pursuant to the income tax rules and regulations in Singapore, the Group's subsidiary located in Singapore is liable to Singapore corporate income tax at a rate of 17% on the assessable profits generated for the year.

The major components of income tax credit are as follows:

	2018 ***RMB'000***	2017 *RMB'000*
Deferred *(note 16)*	**(2,666)**	(4,076)
Exchange realignment	**(142)**	–
Total tax credit for the year from Continuing Operations	**(2,808)**	(4,076)
Total tax charge/(credit) for the year from Discontinued Operations *(note 8)*	**16,116**	(21,193)
	13,308	(25,269)

A reconciliation of the tax charge/(credit) applicable to profit/(loss) before tax at the applicable tax rate for the companies within the Group to the tax charge/(credit) at the effective tax rate is as follows:

	Note	**2018** ***RMB'000***	2017 *RMB'000*
Profit before tax from Continuing Operations		**1,848**	(226,539)
Loss before tax from Discontinued Operations		**(437,791)**	(188,351)
		(435,943)	(414,890)
Tax at the applicable tax rate of 25%		**(108,986)**	(103,723)
Expenses not deductible for tax	*(a)*	**4,385**	27,404
Tax effect of tax losses not recognised		**40,829**	4,732
Tax effect of deductible temporary differences not recognised		**79,853**	76,838
Effect on opening deferred tax due to change in tax rate	*(b)*	**–**	(26,378)
Income not subject to tax		**(3)**	(4,142)
Tax losses utilised from the prior year		**(2,770)**	–
Tax charge/(credit) at the Group's effective tax rate		**13,308**	(25,269)
Tax credit from Continuing Operations at the effective tax rate		**(2,808)**	(4,076)
Tax charge/(credit) from Discontinued Operations at the effective tax rate		**16,116**	(21,193)

Notes:

(a) Expenses not deductible for tax for the year ended 31 December 2018 mainly consist of administrative expenses incurred by offshore companies. Expenses not deductible for tax for the year ended 31 December 2017 mainly consist of fair value losses on financial assets at fair value through profit or loss, impairment loss and administrative expenses incurred by offshore companies. These expenses are not expected to be deductible for tax.

(b) Pursuant to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs (Cai Shui [2011] No. 58), the tax preferential treatments for the Western Region Development are valid until 2020. According to the Circular, "from 1 January 2011 to 31 December 2020, corporate income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the Catalogue of Encouraged Industries in the Western Region (the "Catalogue"), the income of which accounts for more than 70% of the total income of such enterprises. The Catalogue of Encouraged Industries in the Western Region shall be issued separately." At present, the Catalogue of Encouraged Industries in the Western Region has been approved by the State Council, and was implemented as of 1 October 2014.

Huili Caitong, Aba Mining and Xiushuihe Mining enjoyed the preferential corporate income tax rate of 15% for the year ended 31 December 2016 according to the "Western Development Policy". The Catalogue of Encouraged industries in the Western Region (revised 2017) (the "Revised Catalogue") has been introduced and implemented since 28 July 2017, the principal businesses of Huili Caitong, Aba Mining and Xiushuihe Mining were not included in the Revised Catalogue, therefore, the provision for income tax expense of Huili Caitong, Aba Mining and Xiushuihe Mining during the year was calculated at the CIT rate of 25% (2017: 25%).

8. DISCONTINUED OPERATIONS

The Disposal Group is mainly engaged in mining and ore processing and sale of self-produced low-grade iron concentrates and titanium concentrates products mainly in southern region of Sichuan. Pursuant to a Board resolution dated 8 October 2018, the Group has decided to dispose of the Disposal Group because it plans to focus its resources on its high-Fe mining operation mainly in northern region of Sichuan. In October 2018, the Company entered into the memorandum of understanding in respect of the Disposal with the Purchaser. On 29 January 2019, the Company has entered into the SPA in respect of the Disposal with the Purchaser, particulars of the SPA were set out in the Company's announcement dated 29 January 2019. As at 31 December 2018, management had reasonably expected that the Disposal would be highly probable completed within one year. As such, management believes that the results and cash flows of the Disposal Group should be presented as discontinued operations for the year ended 31 December 2018 in accordance with IFRS 5. With the Disposal Group being classified as a discontinued operation, the low-grade iron concentrates and titanium concentrates businesses are no longer included in the note 3 for operating segment information.

The results of the Disposal Group for the year are presented below:

	Note	2018 RMB'000	2017 RMB'000
REVENUE		**457,221**	440,296
Cost of sales		**(381,862)**	(328,348)
Gross profit		**75,359**	111,948
Other income and gains		**121,396**	182
Selling and distribution expenses		**(73,103)**	(54,078)
Administrative expenses		**(83,453)**	(51,629)
Other expenses		**(26,021)**	(34)
Write-down of inventories to net realisable value		**(2,680)**	–
Impairment losses on property, plant and equipment *(note 11)*	*(a)*	**(112,238)**	(72,776)
Impairment losses on intangible assets *(note 12)*	*(a)*	**(266,630)**	(11,245)
Impairment losses on prepaid land lease payments *(note 14)*	*(a)*	**(8,841)**	(2,413)
Reversal of impairment losses on trade receivables, net *(note 18)*		**3,452**	–
Impairment losses on financial assets included in prepayments, other receivables and other assets *(note 15)*		**(12,198)**	–
Impairment losses on assets classified as held for sale		**–**	(40,000)
Finance costs		**(52,834)**	(68,306)
Loss before tax from Discontinued Operations		**(437,791)**	(188,351)
Income tax credit/(charge)		**(16,116)**	21,193
LOSS FOR THE YEAR FROM THE DISCONTINUED OPERATIONS		**(453,907)**	(167,158)

Note:

(a) In accordance with the Group's accounting policies, each asset or cash generating unit ("CGU") is evaluated annually at 31 December or biannually at 30 June to determine whether there are any indications of impairment. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed.

In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value in use ("VIU"). Management has performed impairment assessment on all of the carrying amounts of the Group's property, plant and equipment, intangible assets and prepaid land lease payments. For the purpose of impairment assessment, Baicao CGU (comprising the mining right to Baicao Mine, stripping activity assets of Baicao Mine and Baicao Processing Plant) and Xiushuihe CGU (comprising the mining right to Xiushuihe Mine, land use right of Xiushuihe Mining, Xiushuihe Processing Plant and Hailong Processing Plant) are treated as separate CGUs. The recoverable amounts of Baicao CGU, Xiushuihe CGU, the exploration right of Haibaodang Mine and the mining right of Cizhuqing Mine were estimated based on their respective VIU determined by discounting the future cash flows to be generated from the continuing use of these assets. The recoverable amounts are determined based on the calculation using cash flow projections according to financial budgets covering periods ranging from 10 to 12 years approved by management with pre-tax discount rates ranging between 12.01% and 15.26% (31 December 2017: 13.18% and 16.67%) depending on the nature of the CGU/asset. The cash flows beyond the periods ranging from 10 to 12 years are extrapolated using a zero growth rate until the end of the respective asset useful lives.

Other key assumptions used in the estimation of VIU are as follows:

Resources/reserves – These represent one of the key factors the management has considered during the impairment testing, which comprise resources (measured, indicated and inferred) estimated, and/or reserves (proved and probable) where appropriate, on the basis of appropriate geological evidence and sampling, with reference to the resources and reserves statements prepared by appropriate competent persons.

Commodity prices – Forecast commodity prices are based on management's estimates and are derived from forward price curves and long-term views of domestic supply and demand, building on past experience of the industry and consistent with external sources. These prices were adjusted to arrive at appropriate consistent price assumptions for the different qualities and type of commodities, or, where appropriate, contracted prices were applied. These prices are reviewed at least annually.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the recent years for Baicao CGU and Xiushuihe CGU, adjusted for management's expectations for possible changes in the production costs and estimated market prices.

Production volumes – Estimated production volumes are based on the detailed life of mine plans and take into account development plans of the mine agreed by management as part of the long-term planning process.

Discount rate – The discount rates used are pre-tax and reflect specific risks relating to the relevant units.

The values assigned to key assumptions are consistent with external information sources.

Based on the above-mentioned impairment assessment, the recoverable amounts, carrying amounts as at 31 December 2018 and impairment provisions for the year ended 31 December 2018 are as follows:

	Recoverable amount *RMB'000*	**Carrying amount** *RMB'000*	**Impairment provision** *RMB'000*
Baicao CGU	144,189	250,842	106,653
Xiushuihe CGU	298,532	327,625	29,093
Exploration right of Haibaodang Mine	–	215,995	215,995
Mining right of Cizhuqing Mine	85,611	121,579	35,968
			387,709

The above impairment provisions as at 31 December 2018 have been allocated to the following asset classes.

Impairment loss recognised on property, plant and equipment

An impairment loss of RMB112,238,000 *(note 11)* (2017: RMB72,776,000) was recognised during the year to write down the carrying amounts of Baicao Processing Plant, Xiushuihe Processing Plant and Hailong Processing Plant to their respective recoverable amounts of RMB114,291,000, RMB217,384,000 and RMB68,360,000 as at 31 December 2018.

Impairment loss recognised on prepaid land lease payments

An impairment loss of RMB8,841,000 *(note 14)* (2017: RMB2,413,000) was recognised during the year to write down the carrying amounts of prepaid land lease payments of Baicao Mine and Xiushuihe Mine to their respective recoverable amounts of RMB10,277,000 and RMB12,787,000 as at 31 December 2018.

Impairment loss recognised on intangible assets

An impairment loss of RMB266,630,000 (2017: RMB11,245,000) was recognised during the year to write down the carrying amounts of the mining right and stripping activity assets of Baicao Mine, the exploration assets of Xiushuihe Mine, the mining right of Cizhuqing Mine and the exploration right of Haibaodang Mine to their respective recoverable amounts of RMB19,621,000, RMB1, RMB85,611,000 and RMB1 as at 31 December 2018.

In relation to Baicao CGU, Xiushuihe CGU, the exploration right of Haibaodang Mine and the mining right of Cizhuqing Mine that were impaired during the year, any variation in the key assumptions above would either result in further impairment or lead to a reversal of impairment.

The impairment losses recognised for Baicao CGU, the exploration right of Haibaodang Mine and the mining right of Cizhuqing Mine were primarily due to the following reasons:

Baicao CGU, Xiushuihe CGU and the mining right of Cizhuqing Mine – they were impaired as a result of forecasted low commodity price and stringent environmental regulations in recent years. The Group's mining plan was adjusted correspondingly with the increase of inevitable compliance cost due to increasing regulations.

The exploration right of Haibaodang Mine – it was impaired as a result of forecasted high production costs including regulation and environmental compliance costs, low recovery rates and low commodity price. The production costs were thus adjusted correspondingly with the updated ore processing experiment report prepared by the professionals (an independent third party).

The major classes of assets and liabilities of the Disposal Group classified as held for sale as at 31 December 2018 are as follows:

	2018
	RMB'000
ASSETS	
Property, plant and equipment	**403,423**
Intangible assets	**340,666**
Prepaid land lease payments	**23,064**
Payments in advance	**156**
Deferred tax assets	**39,218**
Inventories	**45,594**
Trade and bills receivables	**47,614**
Prepayments, other receivables and other assets	**138,040**
Due from related parties	**27**
Cash and cash equivalents	**75**
Assets classified as held for sale	**260,000**
Assets of a disposal group classified as held for sale	**1,297,877**
LIABILITIES	
Trade and bills payables	**119,561**
Other payables and accruals	**364,055**
Interest-bearing bank and other loans	**802,098**
Due to related parties	**449**
Tax payable	**(6,821)**
Dividend payable	**1,801**
Provision for rehabilitation	**10,347**
Liabilities directly associated with the assets classified as held for sale	**1,291,490**
Net assets directly associated with the Disposal Group	**6,387**

The net cash flows incurred by the Disposal Group are as follow:

	2018	2017
	RMB'000	*RMB'000*
Operating activities	**52,660**	(223,379)
Investing activities	**(105,150)**	(73,532)
Financing activities	**52,490**	296,913
Net cash inflow	**–**	2
Loss per Share:		
Basic and diluted, from the Discontinued Operations	**RMB(0.20)**	RMB(0.08)

The calculations of basic and diluted loss per Share from the Discontinued Operations are based on:

	2018	2017
Profit attributable to ordinary equity holders of the parent from the Discontinued Operations	**RMB(449,658,000)**	RMB(162,158,000)
Weighted average number of Shares used in the basic and diluted earnings per Share calculation *(note 26)*	**2,249,015,410**	2,160,167,244

9. DIVIDEND

At a meeting of the Directors held on 26 March 2019, the Directors did not recommend a final dividend for the year ended 31 December 2018 (2017: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per Share is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of Shares of 2,249,015,410 (2017: 2,160,167,244) in issue during the year ended 31 December 2018.

No adjustment has been made to the basic earnings per Share amounts presented for the years ended 31 December 2018 and 2017 in respect of a dilution as the exercise prices of the Company’s outstanding share options were higher than the average market prices for the Shares during the current and prior years.

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Plant and machinery *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Mining infrastructure *RMB'000*	Construction in progress ("CIP") *RMB'000*	Total *RMB'000*
31 December 2018							
Cost:							
At 1 January 2018	**1,048,415**	**611,718**	**5,579**	**9,859**	**242,430**	**63,531**	**1,981,532**
Additions from Continuing Operations	**166**	**1,598**	**95**	**500**	**16,351**	**3,322**	**22,032**
Additions from Discontinued Operations	**11,581**	**23,464**	**318**	**1,018**	**–**	**43,691**	**80,072**
Transferred from CIP	**3,194**	**13,340**	**–**	**275**	**–**	**(16,809)**	**–**
Disposals	**–**	**(1,646)**	**–**	**(559)**	**–**	**–**	**(2,205)**
Transferred to held for sale	**–**	**(9,419)**	**–**	**–**	**–**	**–**	**(9,419)**
Cost included in Discontinued Operations *(note 8)*	**(1,023,068)**	**(568,803)**	**(4,791)**	**(8,557)**	**(153,767)**	**(62,318)**	**(1,821,304)**
Exchange realignment	**–**	**(2,566)**	**(35)**	**(13)**	**–**	**(266)**	**(2,880)**
At 31 December 2018	**40,288**	**67,686**	**1,166**	**2,523**	**105,014**	**31,151**	**247,828**
Accumulated depreciation and impairment:							
At 1 January 2018	**704,943**	**481,815**	**4,780**	**8,847**	**148,093**	**2,156**	**1,350,634**
Provided for the year from Continuing Operations	**2,023**	**7,453**	**132**	**56**	**6,779**	**–**	**16,443**
Provided for the year from Discontinued Operations	**13,953**	**17,451**	**114**	**162**	**5,468**	**–**	**37,148**
Impairment recognised during the year from Continuing Operations	**–**	**–**	**–**	**–**	**–**	**1,071**	**1,071**
Impairment recognised during the year from Discontinued Operations *(note 8(a))*	**84,959**	**16,653**	**53**	**432**	**–**	**10,141**	**112,238**
Disposals	**–**	**(1,369)**	**–**	**(516)**	**–**	**–**	**(1,885)**
Transferred to held for sale	**–**	**(8,906)**	**–**	**–**	**–**	**–**	**(8,906)**
Depreciation and impairment included in Discontinued Operations *(note 8)*	**(784,949)**	**(495,202)**	**(4,500)**	**(6,927)**	**(115,494)**	**(10,809)**	**(1,417,881)**
Exchange realignment	**–**	**(199)**	**(9)**	**–**	**–**	**(29)**	**(237)**
At 31 December 2018	**20,929**	**17,696**	**570**	**2,054**	**44,846**	**2,530**	**88,625**
Net carrying amount:							
At 1 January 2018	**343,472**	**129,903**	**799**	**1,012**	**94,337**	**61,375**	**630,898**
At 31 December 2018	**19,359**	**49,990**	**596**	**469**	**60,168**	**28,621**	**159,203**

	Buildings *RMB'000*	Plant and machinery *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Mining infrastructure *RMB'000*	Construction in progress ("CIP") *RMB'000*	Total *RMB'000*
31 December 2017							
Cost:							
At 1 January 2017	1,029,262	519,640	4,698	10,310	234,580	75,547	1,874,037
Additions	2,565	26,284	222	237	7,850	27,472	64,630
Acquisition of a subsidiary	–	36,720	647	–	–	5,271	42,638
Transferred from CIP	16,588	28,268	–	–	–	(44,856)	–
Disposals	–	–	–	(690)	–	–	(690)
Exchange realignment	–	806	12	2	–	97	917
At 31 December 2017	1,048,415	611,718	5,579	9,859	242,430	63,531	1,981,532
Accumulated depreciation and impairment:							
At 1 January 2017	633,930	444,034	4,609	9,273	133,635	–	1,225,481
Provided for the year	13,335	23,593	45	199	10,425	–	47,597
Acquisition of a subsidiary	–	5,229	102	–	–	–	5,331
Impairment recognised during the year *(note 8(a))*	57,678	8,855	24	30	4,033	2,156	72,776
Disposals	–	–	–	(655)	–	–	(655)
Exchange realignment	–	104	–	–	–	–	104
At 31 December 2017	704,943	481,815	4,780	8,847	148,093	2,156	1,350,634
Net carrying amount:							
At 1 January 2017	395,332	75,606	89	1,037	100,945	75,547	648,556
At 31 December 2017	343,472	129,903	799	1,012	94,337	61,375	630,898

(a) As at 31 December 2018, loans relating to the hire purchase arrangements were secured by the corresponding machineries with an aggregate carrying amount of RMB535,000 *(note 24(b))*.

(b) In accordance with the Group's accounting policies, each asset or CGU is evaluated annually at 31 December or biannually at 30 June to determine whether there are any indications of impairment. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed.

During 2018, impairment loss of RMB1,071,000 was related to the write-down to current market value of property, plant and equipment improvement of MHPL which is undergoing repair.

12. INTANGIBLE ASSETS

	Mining rights *RMB'000*	Stripping activity assets *RMB'000*	Exploration rights and assets *RMB'000*	Total *RMB'000*
31 December 2018				
Cost:				
At 1 January 2018	**1,283,629**	**150,519**	**437,568**	**1,871,716**
Additions from Discontinued Operations	**269**	**–**	**200**	**469**
Cost included in Discontinued Operations *(note 8)*	**(483,603)**	**(150,519)**	**(371,777)**	**(1,005,899)**
At 31 December 2018	**800,295**	**–**	**65,991**	**866,286**
Accumulated amortisation and impairment:				
At 1 January 2018	**266,925**	**137,666**	**117,154**	**521,745**
Amortisation provided during the year from Continuing Operations	**944**	**–**	**–**	**944**
Amortisation provided during the year from Discontinued Operations	**3,988**	**686**	**–**	**4,674**
Impairment recognised for the year from Discontinued Operations *(note 8(a))*	**45,309**	**5,172**	**216,149**	**266,630**
Amortisation and impairment included in Discontinued Operations *(note 8)*	**(188,406)**	**(143,524)**	**(333,303)**	**(665,233)**
At 31 December 2018	**128,760**	**–**	**–**	**128,760**
Net carrying amount:				
At 1 January 2018	**1,016,704**	**12,853**	**320,414**	**1,349,971**
At 31 December 2018	**671,535**	**–**	**65,991**	**737,526**
31 December 2017				
Cost:				
At 1 January 2017	1,281,614	148,847	437,568	1,868,029
Additions	2,015	1,672	–	3,687
At 31 December 2017	1,283,629	150,519	437,568	1,871,716
Accumulated amortisation and impairment:				
At 1 January 2017	191,580	128,922	117,154	437,656
Impairment recognised for the year	72,060	4,069	–	76,129
Amortisation provided during the year	3,285	4,675	–	7,960
At 31 December 2017	266,925	137,666	117,154	521,745
Net carrying amount:				
At 1 January 2017	1,090,034	19,925	320,414	1,430,373
At 31 December 2017	1,016,704	12,853	320,414	1,349,971

As at 31 December 2018, the mining rights of Maoling Mine with a net carrying amount of RMB21,826,000 (2017: RMB22,771,000) were pledged to secure the Group's bank loans *(note 24(a))*.

13. OTHER INTANGIBLE ASSET

	Brand name
	RMB'000
31 December 2018	
Cost:	
At 1 January and 31 December 2018	**8,440**
Accumulated amortisation:	
At 1 January 2018	**–**
Amortisation provided during the year	**915**
At 31 December 2018	**915**
Net carrying amount:	
At 1 January 2018	**8,440**
At 31 December 2018	**7,525**
31 December 2017	
Cost:	
At 1 January 2017	–
Acquisition of a subsidiary	8,440
At 31 December 2017	8,440
Net carrying amount:	
At 1 January 2017	–
At 31 December 2017	8,440

14. PREPAID LAND LEASE PAYMENTS

	2018	2017
	RMB'000	*RMB'000*
Carrying amount at 1 January	**33,015**	36,535
Impairment recognised for the year from Discontinued Operations *(note 8(a))*	**(8,841)**	(2,413)
Amortised during the year from Discontinued Operations	**(1,110)**	(1,107)
Assets included in Discontinued Operations *(note 8)*	**(23,064)**	–
Carrying amount at 31 December	**–**	33,015

Prepaid land lease payments represented costs of land use rights in respect of the Group's leasehold land situated in Sichuan Province, the PRC.

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2018 RMB'000	2017 RMB'000
Current portion:			
Prepayments consisting of:			
Purchase of raw materials		**8,725**	4,826
Utilities		**–**	496
Prepayment for the use right of a road		**47**	45
Prepaid stripping and mining fees	*(a)*	**–**	40,227
Prepaid transportation fees		**–**	2,732
Other prepayments		**1,572**	12,087
Other receivables consisting of:			
Utilities		**–**	5,269
Other receivables		**10,911**	5,705
		21,255	71,387
Impairment allowance	*(b)*	**(33)**	–
		21,222	71,387
Non-current portion:			
Prepayment for the use right of a road		**636**	694
Long-term environmental rehabilitation deposits		**–**	6,653
Long-term deposit		**536**	–
		1,172	7,347
		22,394	78,734

Notes:

(a) As at 31 December 2017, the balance represented prepaid stripping and mining fees made to an independent third party contractor for stripping and mining activities at Baicao Mine and Xiushuihe Mine of the Disposal Group.

(b) The movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	2018	2017
	RMB'000	*RMB'000*
At beginning of year	**–**	–
Effect of adoption of IFRS 9	**51**	–
At beginning of year (restated)	**51**	–
Impairment losses recognised from Continuing Operations *(note 6)*	**23**	–
Impairment losses recognised from Discontinued Operations *(note 8)*	**12,198**	–
Impairment included in Discontinued Operations	**(12,239)**	–
At end of year	**33**	–

Where applicable, impairment analysis is performed at each reporting date by considering expected credit losses, which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied for as at 31 December 2018 ranged from 0.0% to 100.0%.

16. DEFERRED TAX

The movements in deferred tax assets during the year are as follows:

	Losses available for offsetting against taxable profits	**Excess tax depreciation over book value of fixed assets**	**Provision for rehabilitation**	**Unrealised profit from intragroup transaction**	**Provision for impairment**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	28,918	1,876	2,451	54	–	6,268	39,567
Deferred tax credited/ (charged) to profit or loss during the year	19,491	1,990	271	(54)	–	3,571	25,269
Acquisition of a subsidiary	5,433	–	–	–	–	–	5,433
Deferred tax assets at 31 December 2017 and 1 January 2018	53,842	3,866	2,722	–	–	9,839	70,269
Deferred tax credited/(charged) to profit or loss during the year from Continuing Operations *(note 7)*	(30)	2,037	52	–	2,289	(1,682)	2,666
Deferred tax credited/(charged) to profit or loss during the year from Discontinued Operations *(note 7)*	(18,115)	(9,605)	(1,950)	–	–	13,554	(16,116)
Deferred tax included in Discontinued Operations *(note 8)*	(27,509)	9,680	(416)	–	–	(20,973)	(39,218)
At 31 December 2018	8,188	5,978	408	–	2,289	738	17,601

Notes:

(a) As at 31 December 2018, the Group has tax losses arising from Mainland China of RMB32,971,000 (2017: RMB887,978,000) that would expire in three to five years and other deductible temporary differences of RMB127,269,000 (2017: RMB1,683,365,000) that were available for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as it is not considered probable that taxable profits will be available against which they can be utilised.

(b) Deferred tax assets related to the PRC subsidiaries have been provided at the enacted corporate income tax rate of 25%.

(c) Pursuant to the income tax rules and regulations of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement has been effective from 1 January 2008 and applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The withholding tax rate for the Group is 10%.

As at 31 December 2018, no deferred tax liability has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences as associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately nil (2017: RMB212,497,000).

17. INVENTORIES

	2018	2017
	RMB'000	*RMB'000*
Raw materials	**3,011**	49,258
Spare parts and consumables	**2,314**	38,505
Finished goods	**278**	85,937
Others	**18,083**	1,143
	23,686	174,843
Inventory provision	**(59)**	(206)
	23,627	174,637

18. TRADE AND BILLS RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**126,886**	580,171
Impairment	**(21,657)**	(340,748)
Trade receivables, net of impairment	**105,229**	239,423
Bills receivable	**–**	134,284
	105,229	373,707

The Group's trading terms with its customers are mainly on credit. Aba Mining's trading terms for its customers normally require payments in advance, except for major customers, where Aba Mining granted a credit term of 2 years. During the year, the Group other than Aba Mining granted a six-month credit term to its customers for sale of self-produced products given the market conditions remained weak and a six-month credit term to its trading customers and customers for rendering specialist mining services. Trade receivables are non-interest-bearing and unsecured.

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**103,751**	226,646
3 to 9 months	**14**	5,321
9 to 12 months	**–**	217
Over 1 year	**1,464**	7,239
	105,229	239,423

The movements in the loss allowance for impairment of trade receivables are as follows:

	2018	2017
	RMB'000	*RMB'000*
At beginning of year	**340,748**	328,906
Effect of adoption of IFRS 9	**3,096**	–
At beginning of year (restated)	**343,844**	328,906
Impairment losses/(reversal), net		
– From Continuing Operations *(note 6)*	**(9,898)**	10,521
– From Discontinued Operations *(note 8)*	**(3,452)**	–
Write-off of trade receivable allowance	**(2,999)**	–
Acquisition of a subsidiary	**–**	1,321
Impairment included in Discontinued Operations	**(305,838)**	–
At end of year	**21,657**	340,748

Impairment under IFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Current	**Past due**	**Total**
Expected credit loss rate	1.5%	100%	
Gross carrying amount *(RMB'000)*			
From Continuing Operations	105,376	21,510	126,886
From Discontinued Operations	47,699	305,753	353,452
Settlement subsequently *(RMB'000)*			
From Continuing Operations	95,570	–	95,570
From Discontinued Operations	42,003	–	42,003
Carrying amount subject to credit risk exposure *(RMB'000)*			
From Continuing Operations	9,806	21,510	31,316
From Discontinued Operations	5,696	305,753	311,449
Expected credit losses *(RMB'000)*			
From Continuing Operations	147	21,510	21,657
From Discontinued Operations	85	305,753	305,838

Impairment under IAS 39 for the year ended 31 December 2017

Included in the above provision for impairment of trade receivables, which was measured based on incurred credit losses under IAS 39, as at 31 December 2017 was a provision for individually impaired trade receivables of RMB340,748,000 with a carrying amount before provision of RMB580,171,000.

The individually impaired trade receivables as at 31 December 2017 related to certain customers that were in financial difficulties, and the Group had stopped supplying goods to these customers, and initiated discussions on repayment terms and been in the midst of monitoring its repayment schedules. Whilst the Group would continue to follow up closely on the receivable status, the recoverability of part of the receivables has specifically been affected by the weak market condition and might be delayed by a longer-than-expected period, or the receivables may not be recoverable. Despite such provision and longer-than-expected repayment periods, the Group would initiate necessary actions to recover these receivables in part or in full.

The ageing analysis of the trade receivables as at 31 December 2017 that were not individually nor collectively considered to be impaired under IAS 39 is as follows:

	2017
	RMB'000
Neither past due nor impaired	231,967
Amounts due and partially impaired, net of provision	
– 9 months to 3 years past due	7,456
	239,423

The Directors were of the opinion that no further provision for impairment under IAS 39 was necessary in respect of above balances as there has not been a significant change in credit quality and the balances are still considered fully or partially recoverable.

Transferred financial assets that are derecognised in their entirely

As at 31 December 2018, the Group endorsed certain bills receivable accepted by banks in the PRC to certain of its suppliers in order to settle the trade payables to these suppliers with a carrying amount in aggregate of RMB249,880,000 (2017: RMB259,954,000); furthermore, as at 31 December 2018, the Group discounted certain bills receivable accepted by banks in the PRC, with a carrying amount in aggregate of RMB500,000 (2017: RMB200,000) (collectively referred to as the "Derecognised Bills"). The Derecognised Bills have a maturity term from three to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated advances on discounting and trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their face amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year, the Group has a recognised interest expense of Nil (2017: RMB5,000) *(note 5)* on discounted bills receivable. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and discount of bills receivable have been made evenly throughout the year.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group has Exchangeable Notes with an aggregate amount of USD20,000,000 and USD10,000,000 subscribed by Sure Prime on 2 May 2011 and 18 November 2011, respectively and designated as financial assets at fair value through profit or loss upon initial recognition. The Exchangeable Notes were issued by the Issuer. The original maturity date of the Exchangeable Notes was 25 November 2014.

As at 2 December 2014, Sure Prime did not receive any part of the redemption amount payable by the Issuer under the Exchangeable Notes, and there occurred an event of default under the Exchangeable Notes. During 2015, Sure Prime together with other noteholders waived the event of default and the maturity of the Exchangeable Notes was extended from 25 November 2014 till 25 March 2015 and further extended till 25 August 2015 pursuant to two separate default waiver letters. In addition, the yield to maturity for the entire term of the Exchangeable Notes and until the full redemption thereof has been revised from 20% to 25% per annum and Sure Prime shall be entitled to exchange all or any part of the Exchangeable Notes at any time to shares in the target company owned by the Issuer prior to the full redemption of the Exchangeable Notes by a single or multiple presentations of exchange notice. Since the previous extension on default waiver, the Group has not received any part of the amount repayable by the Issuer from the redemption of the Exchangeable Notes. As a result, as at 31 December 2018 and 2017, the Issuer was in default.

The movements in the fair value of the Exchangeable Notes are as follows:

	2018	2017
	RMB'000	*RMB'000*
Carrying amount at 1 January	**–**	109,617
Fair value losses recognised during the year *(note 6)*	**–**	(109,617)
Carrying amount at 31 December	**–**	–

The fair value of the Exchangeable Notes as at 31 December 2018 and 2017 was estimated by management based on the estimated recoverable amount of the Exchangeable Notes discounted with a risk-free interest rate. The following table lists the key inputs:

	2018	2017
Risk-free interest rate (Indonesia) *(% per annum)*	**0.91**	0.91
Recovery rate *(%)*	**0**	0

20. ASSETS CLASSIFIED AS HELD FOR SALE

Non-recurring fair value measurements:

		2018	2017
	Notes	***RMB'000***	*RMB'000*
Heigutian Processing Plant	*(a)*	**–**	260,000
Unutilised fixed assets for specialist mining services	*(b)*	**41,169**	42,125
		41,169	302,125

Notes:

(a) The balance as at 31 December 2017 represented the fair value less cost to sell of Heigutian Processing Plant. During the year, Heigutian Processing Plant in its entirety as a part of the Disposal Group had been decided by the Group to sell to the Purchaser. Please refer to note 8 for more details.

(b) The balance as at 31 December 2017 and 2018 represented the fair value less cost to sell of assets held for sale, which comprised part of plant and equipment of MHPL which would not be utilised in the current operation.

The non-recurring fair value measurement for assets held for sale was considered to be Level 2 for the years ended 31 December 2018 and 2017, as it is derived from quoted prices in markets that are not active.

21. TRADE AND BILL PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade payables	**54,235**	175,273
Bills payable	**–**	598
	54,235	175,871

An ageing analysis of the trade and bills payables of the Group as at the end of the reporting period, based on the invoice date or issuance date, where appropriate, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 180 days	**49,667**	65,813
181 to 365 days	**–**	10,314
1 to 2 years	**81**	15,876
2 to 3 years	**3,448**	21,584
Over 3 years	**1,039**	62,284
	54,235	175,871

Trade payables of the Group are non-interest-bearing and are normally settled within 180 days.

22. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2017 and 2018. The balance of contract liabilities is expected to be recovered/settled within one year.

Movements in the contract liabilities balances during the year 2018 are as follows:

	RMB'000
Carrying amount at 31 December 2017	–
Reclassification from other payables and accruals	1,955
Carrying amount at 1 January 2018	1,955
Revenue recognised during the year from Continuing Operations *(note 4)*	(1,526)
Revenue recognised during the year from Discontinued Operations	(429)
Consideration received from customers, excluding amounts recognised as revenue during the year	5,811
Carrying amount at 31 December 2018	5,811

23. OTHER PAYABLES AND ACCRUALS

	Notes	**2018** **RMB'000**	2017 *RMB'000*
Current portion:			
Advances from customers		**–**	1,955
Payables related to:			
Construction in progress		**8,135**	128,452
Taxes other than income tax		**25,702**	142,546
Exploration and evaluation assets		**10,329**	20,398
Payroll and welfare payable		**8,607**	94,575
Transportation expenses		**–**	3,242
Acquisition of subsidiaries			
– Sichuan Xinglian	*(a)*	**133**	1,693
Consultancy and professional fees		**3,156**	9,189
Deposits received		**7**	99
Land occupation compensation payables		**–**	10,497
Accrued government surcharges		**4,529**	37,237
Accrued price adjustment fund		**–**	7,991
Accrued interest expenses		**100**	86,851
Other payables		**17,180**	10,181
		77,878	554,906
Non-current portion:			
Loan from a third party	*(b)*	**–**	23,794
Other payables		**1,151**	1,213
		1,151	25,007
		79,029	579,913

Notes:

(a) Balances represented the remaining consideration payable to an independent third party in relation to the acquisition of a 45% equity interest in Sichuan Xinglian by Sichuan Lingyu.

(b) The balance represented an interest-free loan granted by Sapphire Corporation Limited ("Sapphire", a non-controlling shareholder of Mancala Holdings) to MHPL. The loan is unsecured and is due for repayment on or before 31 December 2020.

24. INTEREST-BEARING BANK AND OTHER LOANS

	Notes	**2018** **RMB'000**	2017 RMB'000
Bank loans – secured	*(a)*	**83,979**	523,400
Bank loans – unsecured		**–**	232,725
Hire purchase arrangements – secured	*(b)*	**96**	9,558
Other loans – unsecured	*(c)*	**16,719**	141,628
		100,794	907,311
Current liabilities		**(84,645)**	(596,205)
Non-current liabilities		**16,149**	311,106
Analysed into:			
Bank loans repayable:			
Within one year or on demand		**83,979**	445,125
In the second year		**–**	9,000
In the third to fifth years, inclusive		**–**	302,000
		83,979	756,125
Hire purchase arrangements repayable:			
Within one year		**96**	9,452
In the second year		**–**	106
		96	9,558
Other loans repayable:			
Within one year or on demand		**570**	141,628
In the second year		**15,565**	–
In the third to fifth years, inclusive		**584**	–
		16,719	141,628
		100,794	907,311

	2018	2017
	(Effective interest rate)	
Banks loans	**3.92%-8.82%**	3.92%-8.84%
Other loans	**0.00%-8.40%**	0.00%-9.00%
Hire purchase arrangements	**4.80%**	4.80%-6.79%

Notes:

(a) The Group's bank loans are secured by:

	2018	2017
	RMB'000	*RMB'000*
	(Amount of bank loans)	
Mining rights of Xiushuihe Mine and a 95% equity interest in Xiushuihe Mining	**–**	120,000
Mining rights of Baicao Mine	**–**	319,400
Mining rights of Maoling Mine	**83,979**	84,000
	83,979	523,400

(b) The Group acquired certain of its machinery and other fixed assets through hire purchase arrangements, which were classified as finance leases and have remaining lease terms ranging from one to two years. As at 31 December 2018, payable relating to the hire purchase arrangements was secured by the corresponding assets with an aggregate carrying amount of RMB535,000 *(note 11)*.

At 31 December 2018, the total future minimum lease payments under hire purchase arrangements and their present values were as follows:

	Minimum lease payments 2018	**Present value of minimum lease payments 2018**
	RMB'000	***RMB'000***
Amounts payable:		
Within one year	**97**	**93**
In the second year	**–**	**–**
Total minimum finance lease payments	**97**	**93**
Future finance charges	**(1)**	
Total net finance lease payables	**96**	
Portion classified as current liabilities	**(96)**	
Non-current portion	**–**	

(c) The balance mainly represented an interest-free loan granted by Sapphire to MHPL. The loan is unsecured and due for repayment on or before 31 December 2020.

As at 31 December 2018, except for the hire purchase arrangements and other loans which were denominated in AUD, all bank loans were denominated in RMB. As at 31 December 2017, except for the hire purchase arrangements which were denominated in AUD, all bank loans and other loans were denominated in RMB.

25. PROVISION FOR REHABILITATION

	2018	2017
	RMB'000	*RMB'000*
At the beginning of year	**11,400**	10,670
Unwinding of discount		
– From Continuing Operations *(note 5)*	**117**	110
– From Discontinued Operations	**663**	620
Provision included in Discontinued Operations *(note 8)*	**(10,347)**	–
At the end of year	**1,833**	11,400

26. SHARE CAPITAL

	2018	2017
	RMB'000	*RMB'000*
Shares		
Authorised:		
10,000,000,000 (2017: 10,000,000,000) Shares of HKD0.1 each	**880,890**	880,890
Issued and fully paid:		
2,249,015,410 (2017: 2,249,015,410) Shares of HKD0.1 each	**197,889**	197,889

A summary of movements in the Company's share capital is as follows:

	Number of Shares in issue	**Issued Capital**
		RMB'000
At 1 January 2018	2,249,015,410	197,889
Issue of new Shares	–	–
At 31 December 2018	2,249,015,410	197,889

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Reporting Period, the Group observed the following industrial development and market statistics:

- In January 2019, the National Bureau of Statistics of the PRC announced that China's gross domestic product ("GDP") recorded an annual growth of 6.6% in 2018 (6.5% and 6.4% for the third and fourth quarters, respectively), which generally matched expectations;

- This official annual GDP growth in 2018, probably the slowest pace since 1990, may indicate downward pressure on economic growth. While the steel industry seems to have benefitted from the supply-side structural reform and unexpected increase in real estate investments, complicated factors such as international trade tension decelerated growth in the domestic economy in the latter part of 2018;

- Following the pledge to adhere to the implementation of nationwide supply-side structural reform and to cut excessive steel capacity in 2018 at the 19th National Congress of the Communist Party of China, the National Development and Reform Commission of the PRC (the "NDRC") announced promising results in tackling the problem of excessive steel capacity and improved industry practice. By 2018, China has met the maximum target of removing 150 Mt of excessive capacity in 5 years as set out in the 2016 "Opinions on Resolving Overcapacity in the Steel Industry to Revive Development"*（關於鋼鐵行業化解過剩產能實現脱困發展的意見）;

- However, the NDRC also admitted that illegal production of substandard steel remained to be an obstacle. The removal of substandard steel production was largely completed in 2017 with over 500 enterprises and 140.0 Mt of substandard steel eliminated. Yet revival of enterprises producing substandard steel was spotted in 2018. In view of this situation, representatives from the NDRC, the Ministry of Industry and Information Technology of the PRC and the State Administration for Market Regulation as well as vice secretaries of 20 provinces held a work meeting in December 2018 to reinforce inspection of illegal production of substandard steel and delivered the key instruction to prevent the revival of production of substandard steel;

- The country also continued to strive for low carbon development and environmental protection. In December 2018, the China Metallurgical Industry Planning and Research Institute issued the "2018 Report on the Energy Saving and Low-Carbon Development of China's Steel Industry"*（中國鋼鐵工業節能低碳發展報告2018）expecting a year-on-year growth of only 8.9% in energy consumption amidst a 11% annual growth of steel production in 2018, and the energy consumption in 2019 was estimated to decrease by 3.4% year-on-year;

- Further to the Ministry of Ecology and Environment of the PRC's consultation paper on the "Ultra-low Emission Renovation Plan for Steel Enterprises" requiring 480.0 Mt of steel capacity in China to meet the ultra-low emission standards by 2020, the Central Environmental Protection Supervision Bureau*（中央環境保護督察辦公室）intensified supervision for autumn and winter air pollution in Sichuan in December 2018. Four rounds of continuous inspections were conducted in Chengdu Plain, South Sichuan, Northeast Sichuan as well as Panzhihua, aggregating a total of 18 cities;

- As the market outlook turned weak in late 2018, the demand for steel decreased and the China's Purchasing Managers Index ("PMI") dropped substantially in November and December 2018. In the first 10 months of 2018, the China's PMI maintained an average level of over 50 for the steel sector, but decreased to the level of 45 in November and December;

- As the market environment of the steel industry continued to be challenging, fluctuations in iron ore price became apparent. The China Iron Ore Price Index compiled by the China Iron and Steel Association fluctuated at the level of 230-250 over the course of 2018, with the figures surging to 273.65 and 272.14 in February and October, respectively, as the market expected a hike in steel demand after the Chinese New Year holidays and the announcement of steady growth policies such as unleashing liquidity and large-scale tax reduction in October 2018;

- The government's intensifying efforts in solving air pollution and cleaning up the steel industry through various measures also caused the demand for high-grade iron ore to surpass that of low-grade iron ore. In the second half of 2018, the China 62% TFe Iron Ore Price Index fluctuated at a high level of above 60, except for a dip to 59 in mid September, while the level of 58% TFe Iron Ore Price Index remained at 50 except for October and November 2018. As China implements stricter emission criteria, the demand for high-grade iron ore is expected to thrive;

- The international steel market also showed a general trend of fallback in 2018 amidst international trade frictions. According to the General Administration of Customs of the PRC, steel exports amounted to 69.34 Mt as of December 2018, decreasing by 8.1% year-on-year; and

- For the titanium industry, the price of titanium concentrates (with over 46% titanium contents) in the Panzhihua region fluctuated throughout the year. Following the Chinese New Year holidays and resulting from short market supply, the price reached a level of RMB1,380 per tonne in the first four months of 2018, which then decreased to RMB1,060 per tonne in June due to the environmental protection measures implemented on downstream titanium dioxide producers and decreased market demand. The price then rose back to a stable level of RMB1,150-1,180 per tonne in November and December 2018, with the market outlook remaining cautious as local regulations stayed strict and market demand continued to be stagnant.

BUSINESS AND OPERATIONS REVIEW

Market and Strategy Overview

During the Reporting Period, the Group observed an obvious trend that there had been a shift in demand from lower-grade iron concentrates (below 62% TFe) to higher-grade iron concentrates (above 62% TFe) arising mainly from those stringent requirements imposed by the Chinese government given environmental protection and emission control for sustainable mining practices. The changing trend has fragmented the markets seeing increasingly higher demand and significant price premium for high-grade iron concentrates, contrasting a fall in both demand and prices for low-grade iron concentrates. It is highly likely that these market trends will continue if the existing government policies remain unchanged.

The shift in demand from low-grade iron concentrates further burdened the Group and there is no commercial justification to reactivate or resume production for those inactive mines. To facilitate resource allocation and operational management, the Group has segregated its operations into (i) High Fe Mines and (ii) Low Fe and Inactive Mines. The Group conducted strategic reviews on these operations as well. Subsequent to the financial year end, the Group announced the proposed Disposal of the Low Fe and Inactive Mines (or the Disposal Group).

The proposed Disposal allows the Group to focus expanding on capacity and improving efficiencies for the operations of its high-grade iron concentrates mainly in the northern region of Sichuan. Given the decision to sell, the Disposal Group was classified as held for sale as at 31 December 2018 and the operating results of which was recorded under a discontinued operation for the year ended 31 December 2018.

Financially,

(i) the Disposal Group recorded net loss after tax as a result of (i) significantly lower selling prices (which fell by 9.3% on average as compared to FY2017) of the low-grade iron concentrates due to falling demand and aggressive de-stocking; and (ii) impairment losses due to lower VIU given the fall in selling price and lower-than-expected utilisation rates and the inactive status of the existing suspended mines which the Group has no commercial grounds to expand or resume production for the Low Fe and Inactive Mines; and contrarily

(ii) the Remaining Group recorded significantly higher gross profit margin and positive operating cash flows as a result of higher demand, higher selling prices and focused strategies to improve efficiencies for production of high-grade iron concentrates for the High Fe Mines.

The Group noted that the current market conditions remain highly volatile despite improving demand and prices for the high-grade iron concentrates. The Group will continue to monitor closely and observe potential changes, if any, which may have a material impact on the Group's existing strategies.

Operation and Financial Overview

During the Reporting Period, the Group reported lower revenue, which fell by 13.3% to approximately RMB1,142.0 million for FY2018. The fall in the Group's revenue for trading outpaced the rest of the business segments resulting in a fall in total revenue for the Group for FY2018. Specifically,

- average selling price for low-grade iron concentrates (within the southern region of Sichuan and Panxi Region in particular) fell sharply by approximately 9.3% on average due to falling demand for cheap low-grade iron ore under China's anti-smog policies;

- average selling price for high-grade iron concentrates rose by approximately 6.9% – given the Group's focused strategies in improving efficiencies for its High Fe Mines, the mine operations located mainly in the northern region of Sichuan had been able to constantly produce high-grade iron concentrates with an average range of 65% TFe (with an encouraging but small volume of 72% TFe during FY2018); and

- smaller quantum of trading activities given the Group's business direction to progressively reduce its exposure in this segment which required higher working capital requirements – total purchase and sales volumes of trading activities were approximately 307.7 Kt and 320.1 Kt, respectively, representing a fall of 40.8% and 46.2%, respectively, as compared to FY2017.

The production and sales volumes for FY2018 were as follows:

- low-grade iron concentrates were approximately 1,111.4 Kt and 1,119.7 Kt, respectively;

- high-grade iron concentrates were approximately 105.2 Kt and 105.2 Kt, respectively; and

- titanium concentrates were approximately 88.2 Kt and 93.7 Kt, respectively.

The Group also recorded lower gross profit of approximately RMB125.9 million and gross profit margin of approximately 11.0% for FY2018 as compared to FY2017. Administrative expenses rose by 75.0% to RMB118.2 million due mainly to one-off retrenchment and redundancy compensation as a result of the Group's strategies to reduce production capacity for its Low Fe Mines.

As a result and given the above, the Group recorded higher Net Loss for FY2018 compared to FY2017, despite positive cash flows generated from the Remaining Group. Excluding impairment losses and write-down of inventories to net realisable value mainly attributable to the Disposal Group, the Group would have recorded a significantly lower Net Loss for FY2018. Details of financial performance of the Remaining Group are set out on page 50 of this announcement.

Overview of Mines

Please refer to below tables for the status of the Group's mine operations for (i) the Low Fe and Inactive Mines which are owned and operated under the Disposal Group and (ii) the High Fe Mines which are owned and operated under the Remaining Group.

Discontinued Operations – Low Fe and Inactive Mines

Mine	**Processing Plant**	**Status as at 31 December 2018**
Baicao Mine	Baicao Processing Plant	Producing vanadium-bearing iron concentrates of low Fe contents *(within the range of 53% TFe to 55% TFe)*
	Heigutian Processing Plant	Suspended since 2015 and has no intention to resume production
Xiushuihe Mine (including expansion)	Xiushuihe Processing Plant	Producing vanadium-bearing iron concentrates of low Fe contents *(within the range of 53% TFe to 55% TFe)*
	Hailong Processing Plant	Producing vanadium-bearing iron concentrates of low Fe contents *(within the range of 53% TFe to 55% TFe)*
	Iron Pelletising Plant	Suspended since 2013 and has no intention to resume production
Yangqueqing Mine	N/A	Inactive; vanadium-bearing titano-magnetite of low Fe contents *(average grade of 25.06% TFe)*
Cizhuqing Mine	N/A	Inactive; vanadium-bearing titano-magnetite of low Fe contents *(average grade of 21.40% TFe)*
Haibaodang Mine	N/A	Inactive; vanadium-bearing titano-magnetite of low Fe contents *(average grade of 16.54% TFe)*

Continuing Operations – High Fe Mines and Gypsum Mine

Mine	**Processing Plant**	**Status as at 31 December 2018**
Maoling-Yanglongshan Mine	Maoling Processing Plant	Producing iron concentrates of high Fe contents *(within the range of 65% TFe to 72% TFe)*
Shigou Gypsum Mine	N/A	Conducted feasibility studies and started trial production in small quantities; to observe and monitor consistency of trial production results, and consider whether they are satisfactory

The following table summarises the transacted volumes for (i) trading sales and (ii) sale of self-produced products of the Group:

	Purchase from independent third parties			**Sale to an independent third party**		
	FY2018	FY2017	Change	**FY2018**	FY2017	Change
	(Kt)	*(Kt)*	*%*	***(Kt)***	*(Kt)*	*%*
(i) Trading Sales						
Steels	**59.6**	87.2	(31.7)	**66.0**	110.7	(40.4)
Coals	**248.1**	432.5	(42.6)	**254.1**	484.7	(47.6)
	307.7	519.7	(40.8)	**320.1**	595.4	(46.2)

	Production volume (Dry basis)			**Sales volume (Dry basis)**		
	FY2018	FY2017	Change	**FY2018**	FY2017	Change
	(Kt)	*(Kt)*	*%*	***(Kt)***	*(Kt)*	*%*
(ii) Sale of Self-produced Products						
(a) Discontinued Operations						
Low-grade iron concentrates						
Xiushuihe Processing Plant	**528.6**	499.6	5.8	**482.7**	452.2	6.7
Hailong Processing Plant	**290.6**	277.7	4.6	**–**	–	–
Baicao Processing Plant	**292.2**	296.1	(1.3)	**637.0**	552.7	15.3
	582.8	573.8	1.6	**637.0**	552.7	15.3
Total production volume	**1,111.4**	1,073.4	3.5	**1,119.7**	1,004.9	11.4
Titanium concentrates						
Baicao Processing Plant	**68.8**	48.5	41.9	**75.4**	47.8	57.7
Xiushuihe Processing Plant	**19.4**	–	N/A	**18.3**	–	N/A
	88.2	48.5	81.9	**93.7**	47.8	96.0
(b) Continuing Operations						
High-grade iron concentrates						
Maoling Processing Plant	**105.2**	102.0	3.1	**105.2**	93.1	13.0

Risk and Uncertainties

It is widely known that many banks and financial institutions in China have tightened their lending policies and adopted more prudent measures in approving and renewing loans for local enterprises in China. The Group's business falls under the categories that are perceived to be unfavourable or higher-risk industries as a result of massive overcapacity over the last few years and environmental compliance issues. Such bank loans and banking facilities, if any, are likely to remain callable on demand, subject to more regular short-term reviews and may be offered in a stringently controlled manner with a much higher cost of capital. The Group was well aware of the difficulties and uncertainties in obtaining long-term banking facilities with potentially higher finance costs. The management has made concerted efforts in communicating with the Group's banks and financial institutions in China and will continue to take a proactive approach in doing so.

During the year, the Group initiated discussions on repayment terms with the customers and monitored their repayment schedules, resulting in collection of certain outstanding balances. As such, the Group made a reversal of impairment losses on trade receivables of approximately RMB13.4 million during the year. As the market remains volatile, the Group will continue to take necessary actions to recover those long outstanding receivables in part or in full.

Pursuant to the announcement dated 29 January 2019, the completion of the proposed Disposal is subject to, among other things, the passing of the requisite resolutions by the independent Shareholders at an extraordinary general meeting of the Company for approving the SPA and the transactions contemplated thereby. For details, please refer to the announcement made by the Company on 29 January 2019.

FINANCIAL REVIEW

Note: Pursuant to the announcement on 29 January 2019, the Company has entered into the SPA with a connected person on the same date in respect of the Disposal. The Group has decided to dispose of the Disposal Group because it plans to focus its resources on its high-grade iron concentrates products mainly in the northern region of Sichuan. The Disposal is due to be completed by the end of the first half of 2019. As at 31 December 2018, final negotiations for the sale were in progress and the Disposal Group was classified as held for sale and as a discontinued operation.

	FY2018	FY2017	Change
	RMB'000	*RMB'000*	*%*
		(Re-presented)	
REMAINING GROUP			
Revenue#	**692,863**	877,183	(21.0)
Cost of sales	**(634,210)**	(861,611)	(26.4)
Gross profit	**58,653**	15,572	276.7
Other income and gains	**602**	1,353	(55.5)
Selling and distribution expenses	**(11,284)**	(15,123)	(25.4)
Administrative expenses	**(34,746)**	(15,931)	118.1
Other expenses	**(2,256)**	(8,123)	(72.2)
Reversal/(provision) of impairment losses, net	**7,335**	(79,930)	(109.2)
Fair value losses on financial assets at fair value through profit or loss	**–**	(109,617)	(100.0)
Finance costs	**(8,343)**	(5,282)	58.0
Share of losses of an associate	**–**	(9,458)	(100.0)
Operating profit/(loss) before tax from the Remaining Group	**9,961**	(226,539)	(104.4)
Income tax credit	**2,808**	4,076	(31.1)
Operating profit/(loss) after tax from the Remaining Group	**12,769**	(222,463)	(105.7)
DISPOSAL GROUP			
Loss for the year from the Disposal Group#	**(462,020)**	(167,158)	176.4
Loss for the year	**(449,251)**	(389,621)	15.3
ATTRIBUTABLE TO:			
Owners of the Company	**(443,969)**	(349,490)	27.0
Minority Interests	**(5,282)**	(40,131)	(86.8)
	(449,251)	(389,621)	15.3
ATTRIBUTABLE TO:			
Owners of the Remaining Group	**16,527**	(185,817)	(108.9)
Minority Interests	**(3,758)**	(36,646)	(89.7)
	12,769	(222,463)	(105.7)
ATTRIBUTABLE TO:			
Owners of the Disposal Group	**(460,496)**	(163,673)	181.4
Minority Interests	**(1,524)**	(3,485)	(56.3)
	(462,020)	(167,158)	176.4

Presented at gross of intra-group transactions as if the Disposal had taken place on 31 December 2018.

Revenue

Revenue fell to RMB692.9 million for FY2018 (FY2017: RMB877.2 million) as a result of lower trading volume. These were partially offset mainly by (i) the increase in sales of high-grade iron concentrates; and (ii) maiden consolidation of revenue from mining services business for FY2018.

Cost of Sales

Cost of sales primarily comprised contracting fees for mining and stripping as well as materials, labour, power and other utilities, repair and maintenance, depreciation and amortisation, and purchase cost for trading. Cost of sales fell to RMB634.2 million for FY2018 (FY2017: RMB861.6 million), due primarily to lower purchases for trading purpose.

Gross Profit and Margin

Gross profit and related margin increased to approximately RMB58.7 million (FY2017: RMB15.6 million) and to approximately 8.5% (FY2017: 1.8%) for FY2018, respectively. Both gross profit and gross profit margin increased on the back of higher selling price for high-grade iron concentrates and gross profit contributed by mining services business.

Other Income and Gains

Other income and gains remained relatively stable at approximately RMB0.6 million (FY2017: RMB1.4 million).

Selling and Distribution Expenses

Selling and distribution expenses decreased to RMB11.3 million for FY2018 (FY2017: RMB15.1 million) as a result of reduction of transportation fees per tonnage. The selling and distribution expenses primarily comprised transportation fees, logistic costs, storage and other administrative fees.

Administrative Expenses

Administrative expenses increased to RMB34.7 million for FY2018 (FY2017: RMB15.9 million) due mainly to maiden consolidation of expenses of RMB22.4 million relating to mining services business; and the increases were more than the cost savings arising from the operational streamlining during the year.

Other Expenses

Other expenses decreased to RMB2.3 million for FY2018 (FY2017: RMB8.1 million) due mainly to the cost recognition of raw materials from non-core business in 2017.

Reversal/(Provision) of Impairment Losses, Net

As a result of trade receivables amounting to RMB9.9 million which had previously been impaired were recovered during the year and no further significant impairment exposure was found on the respective assets, the Remaining Group recorded a credit of RMB7.3 million for FY2018 (FY2017: loss of RMB79.9 million).

Fair Value Losses on Financial Assets at Fair Value Through Profit or Loss

There was no fair value loss on financial assets for FY2018 (FY2017: RMB109.6 million for the Exchangeable Notes).

Finance Costs

Finance costs increased to RMB8.3 million for FY2018 (FY2017: RMB5.3 million) as a result of maiden consolidation of finance costs from mining services business for FY2018 amounting to RMB2.0 million.

Share of Losses of an Associate

There was no share of loss of an associate for FY2018 (FY2017: RMB9.5 million related to the share of equity loss of the mining services business).

Income Tax Credit

Income tax credit of RMB2.8 million for FY2018 (FY2017: RMB4.1 million), as a result of recognition of deferred tax assets arising from re-assessment of future taxable profits.

Loss Attributable to Owners

Given the above, the Remaining Group recorded a Net Profit of RMB16.5 million for FY2018 (FY2017: Net Loss of RMB185.8 million) while the Disposal Group recorded a Net Loss of RMB460.5 million for FY2018 (FY2017: Net Loss of RMB163.7 million).

Given the full year contribution of the Remaining Group's results was offset by the Net Loss incurred by the Disposal Group, Net Loss for FY2018 rose from RMB349.5 million to RMB444.0 million.

Final Dividend

The Board does not recommend the payment of a final dividend for FY2018 (FY2017: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 13 June 2019 to Wednesday, 19 June 2019 (both days inclusive) during which no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the 2019 AGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 12 June 2019.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets out certain information regarding the Group's consolidated statement of cash flows for the years ended 31 December 2018 and 2017:

	FY2018		FY2017	
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents as stated in the consolidated statement of cash flows at beginning of the year		**13,286**		19,740
Net cash flows generated from operating activities	**208,217**		66,955	
Net cash flows used in investing activities	**(138,594)**		(92,403)	
Net cash flows from/(used in) financing activities	**(52,770)**		19,221	
Net increase/(decrease) in cash and cash equivalents		**16,853**		(6,227)
Effect of foreign exchange rate changes, net		**3,632**		(227)
Cash and cash equivalents as stated in the consolidated statement of cash flows at end of the year		**33,771**		13,286

Net Cash Flows Generated From Operating Activities

The Group's net operating cash flows position improved during FY2018, generating approximately RMB208.2 million for FY2018 (FY2017: RMB67.0 million) after accounting for operating profit before working capital changes (or "Cash Profit") of RMB73.2 million (FY2017: RMB41.4 million), net working capital investments of RMB135.8 million (FY2017: RMB81.0 million), net interest received of RMB50,000 (FY2017: RMB55.0 million net interest payment) and income tax payments of RMB0.8 million (FY2017: RMB0.4 million).

Net Cash Flows Used in Investing Activities

The Group's net cash flows used in investing activities was RMB138.6 million for FY2018 (FY2017: RMB92.4 million), due primarily to the investment in and upgrade of plant and equipment of approximately RMB137.3 million (FY2017: RMB71.7 million) for production.

Net Cash Flows From/(Used in) Financing Activities

The Group's net cash flows used in financing activities was RMB52.8 million for FY2018 (FY2017: net cash flows from financing activities was RMB19.2 million), due primarily to repayment of bank loans and interest expenses during the year.

FINANCIAL POSITION

Note: Significant changes in financial position during the financial year under review were mainly attributed to the classification of the Disposal Group's financial position to assets and liabilities held for sale as at 31 December 2018. Details of Discontinued Operations as at 31 December 2018 are set out in note 8 to the financial statements of this announcement.

Analysis of Inventories

The Remaining Group's inventories fell to RMB23.6 million as at 31 December 2018 (FY2017: RMB82.7 million), due mainly to lower purchases for trading purpose.

Analysis of Trade and Bills Receivables

The Remaining Group's trade and bills receivables fell to RMB105.2 million as at 31 December 2018 (FY2017: RMB289.1 million) on the back of lower revenues. Trade receivables turnover days for FY2018 remained relatively stable at 68 days (FY2017: 67 days).

Assets Classified as Held for Sale

The assets classified as held for sale were RMB41.2 million as at 31 December 2018 (FY2017: RMB42.1 million) arising from held for sale equipment for mining services business.

Assets and Liabilities of a Disposal Group Classified as Held For Sale

This related to the assets and liabilites of the Disposal Group (Discontinued Operations) given the proposed Disposal of 100% stake in Huili Caitong.

Analysis of Trade and Bills Payables

The Remaining Group's trade and bills payables remained relatively stable at RMB54.2 million as at 31 December 2018 (FY2017: RMB51.3 million).

Analysis of Net Current Liabilities Position

The Group's net current liabilities position decreased to RMB10.2 million as at 31 December 2018 (FY2017: RMB407.5 million). The current ratio improved close to 1.0 as at 31 December 2018 (FY2017: 0.7) as a result of the classification of the Disposal Group as held for sale.

Borrowings

Total borrowings of the Remaining Group increased slightly to RMB100.8 million as at 31 December 2018 (FY2017: RMB94.2 million) due mainly to the reclassification of certain payables amount during the year. As at 31 December 2018, except for the hire purchase arrangements and other loans which were denominated in AUD, all bank loans were denominated in RMB. Details of borrowings of the Group are set out in note 24 to financial statements of this announcement.

Contingent Liabilities

As at 31 December 2018, the Group did not have any material contingent liabilities.

Pledge of Assets

The Group's pledge of assets as at 31 December 2018 mainly consisted of:

(i) a one-year interest-bearing bank loan of RMB120.0 million granted by Shanghai Pudong Development Bank ("SPDB") Chengdu Branch to Xiushuihe Mining. In accordance with the bank loan agreements entered into between Xiushuihe Mining and the lender, the mining right of Xiushuihe Mine and 95% equity interest of Xiushuihe Mining were pledged to the SPDB;

(ii) interest-bearing bank loans of RMB310.4 million granted by China Construction Bank Huili Branch to Huili Caitong, which was secured by the mining right of Baicao Mine; and

(iii) one-year interest-bearing bank loans of RMB84.0 million granted by SPDB Chengdu Branch to Aba Mining, which was secured by the mining right of Maoling Mine.

Foreign Currency Risk

The Group's foreign currency exposures arose primarily from the exchange rate movement of foreign currencies, namely Hong Kong dollars, US dollars, Australian dollars, Singapore dollars and Vietnamese dong, against the Renminbi. Hong Kong dollars, US dollars, Australian dollars, Singapore dollars and Vietnamese dong are the functional currencies of respective entities within the Group.

The Renminbi is not freely convertible. There is a risk that the Chinese government may take actions affecting exchange rates which may have a material adverse effect on the Group's net assets, earnings and any dividends it declares if such dividend is to be exchanged or converted into foreign currencies. The Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies. The management monitors the Group's foreign currency exposure and will consider hedging significant foreign currency exposure when the needs arise.

The following table demonstrates the sensitivity to a 5.0% change in RMB against HKD, USD, AUD, SGD and VND, respectively. The 5.0% is the rate used when reporting currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign currency rate. The sensitivity analyses of the Group's exposure to foreign currency risk at the end of each reporting period have been determined based on the adjustment of translation of the monetary assets and liabilities at the end of each reporting period for a 5.0% change in RMB against HKD, USD, AUD, SGD and VND, respectively, with all other variables held constant, of the Group's loss before tax for the year ended 31 December 2018 (due to changes in the fair value of cash and cash equivalents and financial assets at fair value through profit or loss denominated in HKD, USD, AUD, SGD and VND):

	RMB'000
Increase/(decrease) in loss before tax:	
If RMB strengthens against HKD, USD, AUD, SGD and VND	1,245
If RMB weakens against HKD, USD, AUD, SGD and VND	(1,245)

Interest Rate Risk

The Group's income and operating cash flows are not substantially affected by the changes in market interest rates. The Group has no significant interest-bearing assets, except for cash and cash equivalents. The Group manages its interest rate exposure arising from all of its interest-bearing loans through the use of fixed rates. In addition, the Group has not used any interest rate swaps to hedge against interest rate risk.

Contractual Obligations

The Group had no contractual obligations as at 31 December 2018 and 31 December 2017.

Capital Expenditure

The Group's total capital expenditure decreased by RMB11.5 million to RMB102.6 million for FY2018 (FY2017: RMB68.3 million, excluding capital expenditure through the acquisition of a subsidiary). The capital expenditure comprised mainly (i) additions in machinery and building aggregated to RMB80.1 million for the technical improvement with a view to potentially increase the grade of low-grade iron concentrates; and (ii) additions in mining infrastructure aggregated to RMB20.4 million for Aba Mining.

Gearing Ratio

Gearing ratio is a measure of financial leverage, which is calculated by net debt divided by "total equity plus net debt". Net debt is defined as interest-bearing bank and other loans, net of cash and cash equivalents and it excludes liabilities incurred for working capital purpose. Equity includes equity attributable to owners of the Company and non-controlling interests. As at 31 December 2018, gearing ratio improved to 7.0% (FY2017: 39.9%) following the liabilities of the Disposal Group was classified as held for sale.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2018, the Group had a total of 998 dedicated full time employees (31 December 2017: 1,434 employees), including 18 management staff members, 49 technical staff members, 104 administrative and sales & marketing staff members, and 827 operational staff members. For the year, the employee benefit expenses (including Directors' remuneration in the form of fees, salaries and other allowances) were approximately RMB103.2 million (FY2017: RMB74.3 million).

The emolument policies of the Group are based on performance, experience, competence and market comparable. Remuneration packages generally comprise salary, housing allowance, contribution to pension schemes and discretionary bonus relating to the performance of the Group. The Group has also adopted share option schemes for its employees, providing incentives and rewards to eligible participants with reference to their contributions. Proper training programmes were implemented in order to promote employees' career development and progression within the Group.

OTHER SIGNIFICANT EVENTS

On 29 January 2019, Sichuan Lingyu, which is an indirect wholly-owned subsidiary of the Company, entered into a conditional sales and purchase agreement with Chengyu Vanadium Titano to dispose of 100% equity interest in Huili Caitong to Chengyu Vanadium Titano. The consideration for the sale interest shall be RMB550.0 million, which is to be settled by offsetting certain intra-group debts of up to RMB465.0 million with the remaining RMB85.0 million to be paid in cash. In addition, Chengyu Vanadium Titano will, upon completion, procure the release of the Company's guarantees of indebtedness owed by the Disposal Group to certain banks of up to RMB730.0 million. For details, please refer to the Company's announcement dated 29 January 2019.

EXTRACT OF CHAIRMAN'S STATEMENT

The following "Outlook" and "Going Forward" are extracted from the chairman's statement as written by the chairman of the Board:

"Outlook

Looking at the big picture, China celebrates the 40^th^ anniversary of its Reform and Opening-up with remarkable progress in its economic and social transformation. After four decades of unfettered growth, it appears that the country is facing a myriad of external factors that may pose challenges to its future economic growth, which in itself has largely been funded by surging debts and is now showing signs of slower momentum.

As previous rapid growth models have not come without costs, there are contentious issues to deal with given loading debts and rising costs. Meanwhile, the already-complicated US-China trade row is getting more complicated despite recent signs of easing but notoriously, like a fickle weather. We are now learning whether the country could deal with these issues tactfully – or to a certain extent, whether it will do so or need to do so. In this context, many expect manufacturing activities will continue to slow, margins will fall and industrial profits will remain under pressure amidst this time of uncertainty.

Under such observation, there exists an opportunity to see credit expansion or some forms of fiscal stimulus measures again, shortly after China's official efforts to clamp down on credit while it is still addressing issues relating to excessive loans, bad debts and messy defaults – these are policies of argus-eyed awareness which come from the country's alarmingly high debts level years ago. It seems that the re-surging or re-thinking of debts-load growth models are kicking in again in a bid to pump more money back to the economy, which came at the onset of the slowing pace of economic growth and amidst the tariff wars talks. However, at this juncture, the pace of such accelerating stimulus remains to be seen but against this backdrop, budget for infrastructure spending is one of those that may continue to find successive support despite news of halting major infrastructure projects and re-adjustment of policies for such investments in smaller cities of China.

Back to our industry, with China's bearing anti-pollution measures, there is logic to see surging demand for high-grade iron ore when steel mills are restricted as to how much they can pollute in a production process that best possible quality iron ore could potentially maximise quantity of steel that can be produced relatively to certain level of energy consumption. Given so, lower grade iron ore capacity has been scaled down, left idle or forced to run at lower-than-optimal utilisation rates. We are also monitoring the fragmented iron ore market very closely too see if the price and demand dynamism for the high-grade iron ore will vary which will either widen or narrow the existing differential gap. At this juncture, there are still points to see good demand and price support for the high-grade iron ore products ahead.

Going Forward

Having said that, we are heedful of those warnings at the macro level and their implications on our industry, on our next strategic plans and on our potential business diversification. As we remain cautiously optimistic, our optimism is still largely reserved until we are able to refresh our growth initiatives and revamp our corporate strategies. On a positive note, I believe our business restructuring will eventually bring us to the next significant milestone – both for our reorganised mining operations and in our corporate transformation plans."

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the "CG Code") as its own code of corporate governance. The Directors consider that during the year ended 31 December 2018, the Company has complied with the code provisions under the CG Code except for code provisions A.4.1 and A.6.7.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Mr. Teh Wing Kwan, the non-executive Director, is not appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, as Mr. Teh's appointment is subject to retirement by rotation and re-election by the Shareholders at the annual general meetings of the Company in accordance with the Articles, in the opinion of the Directors, this meets the objective of the CG Code.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the Shareholders. Mr. Wu Wen did not attend the general meeting held on 17 May 2018 due to other business commitments.

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

Throughout the year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INFORMATION ON THE HONG KONG STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company and the Hong Kong Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2018 will be dispatched to the Shareholders and available on the above websites in due course.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2018.

GLOSSARY

"2019 AGM"	the Shareholders' annual general meeting to be held on 19 June 2019
"Aba Mining"	Aba Mining Co., Ltd.*(阿壩礦業有限公司), a limited liability company established in the PRC on 27 February 2004 and an indirect wholly-owned subsidiary of the Company
"Articles"	the articles of association of the Company, adopted on 4 September 2009 and as amended from time to time
"Australian dollars" or "AUD"	the lawful currency of the Commonwealth of Australia
"Baicao Mine"	白草鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan and operated by Huili Caitong, with a mining area of 1.88 sq.km.
"Baicao Processing Plant"	the ore processing plant located near the Baicao Mine and operated by Huili Caitong
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Chengyu Vanadium Titano"	Chengyu Vanadium Titano Technology Ltd.*(成渝釩鈦科技有限公司), formerly known as Weiyuan Steel Co., Ltd.*(威遠鋼鐵有限公司), a sino-foreign equity joint venture established in the PRC on 3 April 2001 and a connected person to the Group
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Cizhuqing Mine"	茨竹箐鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan and operated by Huili Caitong, with a mining area of 1.279 sq.km.
"Company", "we" or "us"	China Vanadium Titano-Magnetite Mining Company Limited (中國釩鈦磁鐵礦業有限公司), a limited liability company incorporated in the Cayman Islands on 28 April 2008
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Continuing Operations"	operations of the Remaining Group
"Director(s)"	director(s) of the Company or any one of them
"Discontinued Operations"	operations of the Disposal Group
"Disposal"	the proposed sale of the Disposal Group to Chengyu Vanadium Titano as announced on 29 January 2019
"Disposal Group"	Huili Caitong and its subsidiaries, namely Xiushuihe Mining and Panzhihua Yixingda
"Exchangeable Note(s)"	the exchangeable note(s) issued by the Issuer in accordance with the Secured Exchangeable Note Purchase Agreement with its terms and conditions set out in the Note Certificate
"Fe"	chemical symbol of iron element
"FY2017"	financial year ended and/or as at 31 December 2017
"FY2018"	financial year ended and/or as at 31 December 2018
"Group"	the Company and its subsidiaries
"Gypsum"	a soft hydrous sulfate mineral with the chemical formula $CaSO_4 \bullet 2H_2O$
"Haibaodang Mine"	海保凼鐵礦, the vanadium-bearing titano-magnetite mine located in Renhe District, Panzhihua City, Sichuan, with an exploration area of 26.2 sq.km.
"Hailong Processing Plant"	the ore processing plant located near the Cizhuqing Mine and operated by Huili Caitong
"Heigutian Processing Plant"	the ore processing plant located near the Yangqueqing Mine and owned by Huili Caitong
"High Fe Mines"	Maoling-Yanglongshan Mine and Maoling Processing Plant
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HKD"	the lawful currency of Hong Kong

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huili Caitong"	Huili County Caitong Iron and Titanium Co., Ltd.*（會理縣財通鐵鈦有限責任公司）, established in the PRC on 7 July 1998 and has been a foreign equity joint venture in the PRC since 29 December 2010, and an indirect wholly-owned subsidiary of the Company
"Inactive Mines"	Cizhuqing Mine, Yangqueqing Mine and Haibaodang Mine
"iron"	a silvery-white, lustrous, malleable, ductile, magnetic or magnetisable, metallic element occurring abundantly in combined forms, notably in hematite, limonite, magnetite, and taconite, and alloyed for use in a wide range of important structural materials
"iron concentrate(s)"	concentrate(s) whose main mineral content (by value) is iron
"iron ore"	compounds of iron and oxygen (iron oxides) mixed with impurities (gangue); it is a mineral which when heated in the presence of a reductant will yield metallic iron
"iron pellet(s)"	a round hardened clump of iron-rich material suitable for application in blast furnaces
"Iron Pelletising Plant"	the plant that produces iron pellets and is located in Huili County, Sichuan, which is approximately 5.5 km from the Xiushuihe Mine and operated by Huili Caitong
"Issuer"	Rui Tong Limited, a private company incorporated in the BVI with limited liability, being the issuer of the Exchangeable Note under the Secured Exchangeable Note Purchase Agreement and a third party independent of the Company and its connected persons
"km"	kilometre(s), a metric unit measure of distance
"Kt"	thousand tonnes
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

"Low Fe Mines"	Baicao Mine, Baicao Processing Plant, Xiushuihe Mine (including expansion), Xiushuihe Processing Plant, Hailong Processing Plant, Heigutian Processing Plant and Iron Pelletising Plant
"Mancala Holdings"	Mancala Holdings Limited, the legal and beneficial owner of the entire issued share capital of MHPL
"Maoling Extended Exploration Area"	formerly an independent exploration region with an area of 2.83 sq.km. covered under the extended exploration permit of the Maoling Mine (covering 1.9 sq.km. of the mining area of the Maoling Mine), has been consolidated with the Yanglongshan Mine since September 2012 to form the Maoling-Yanglongshan Mine
"Maoling Mine"	毛嶺鐵礦, an ordinary magnetite mine located in Wenchuan County, Sichuan, with a mining area of 1.9 sq.km.
"Maoling Processing Plant"	the ore processing plant located near the Maoling-Yanglongshan Mine and operated by Aba Mining
"Maoling-Yanglongshan Mine"	毛嶺－羊龍山鐵礦, an exploration region with a total area of 11.6 sq.km. covered under the exploration permit of the Maoling-Yanglongshan Mine (the mining area covered is owned by the Maoling Mine), formed from the combination of the Maoling Extended Exploration Area and the Yanglongshan Mine since September 2012 and operated by Aba Mining
"MHPL"	Mancala Holdings Pty Ltd, a limited liability company incorporated in Australia on 8 March 1990 and a subsidiary of the Company, in which the Company indirectly owns 81% equity interest
"mining right(s)"	the right(s) to mine mineral resources and obtain mineral products in areas where mining activities are licensed
"Mt"	million tonnes
"N/A"	not applicable
"Net Profit" or "Net Loss"	profit or loss attributable to owners
"Note Certificate"	the note certificate of the Exchangeable Note with the terms and conditions of the Exchangeable Note set out therein

"ore processing"	the process which in general refers to the extraction of usable portions of ores by using physical and chemical extraction methods
"Panxi Region"	a region in Sichuan located at southwest of Chengdu reaching from Panzhihua to Xichang
"Panzhihua Yixingda"	Panzhihua Yixingda Industrial Trading Co., Ltd.*（攀枝花易興達工貿有限責任公司）, a limited liability company established in the PRC on 9 July 2009 and an indirect wholly-owned subsidiary of the Company
"Remaining Group"	the Company and its subsidiaries excluding the Disposal Group
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the year ended 31 December 2018
"Secured Exchangeable Note Purchase Agreement"	the secured exchangeable note purchase agreement dated 2 May 2011 entered into between the Group and the Issuer pursuant to which the Issuer has conditionally agreed to issue and the Group has conditionally agreed to subscribe the Exchangeable Note on the terms and subject to the conditions set out therein
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of HKD0.1 each
"Shareholder(s)"	holder(s) of the Share(s)
"Shigou Gypsum Mine"	Shigou gypsum mine located at Hanyuan County, Ya'an City, Sichuan, with a mining area of 0.1228 sq.km.
"Sichuan"	the Sichuan province of the PRC
"Sichuan Lingyu"	Sichuan Lingyu Investment Co., Ltd.*（四川省凌御投資有限公司）, a limited liability company established in the PRC on 9 June 2010 and an indirect wholly-owned subsidiary of the Company
"Sichuan Xinglian"	Sichuan Xinglian Mining and Technology Construction Co., Ltd.*（四川省興聯礦產技術工程有限公司）, a limited liability company established in the PRC on 23 June 2011 and an indirect wholly-owned subsidiary of the Company

"Singapore dollars" or "SGD"	the lawful currency of the Republic of Singapore
"SPA"	the sales and purchase agreement in relation to the Disposal dated 29 January 2019 entered into among Sichuan Lingyu, Chengyu Vanadium Titano and Huili Caitong
"sq.km."	square kilometres
"Sure Prime"	Sure Prime Limited, a company incorporated in the BVI on 12 April 2011
"target company"	Oriental Mining and Mineral Resources Co., Ltd., a company incorporated in the Cayman Islands on 8 April 2011 and a third party independent of the Company and its connected persons
"TFe"	the symbol for denoting total iron
"titanium concentrate(s)"	concentrate(s) whose main content (by value) is titanium dioxide
"Trisonic International"	Trisonic International Limited（合創國際有限公司）, a company incorporated in Hong Kong on 19 July 2006
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars" or "USD"	the lawful currency of the United States
"Vietnamese dong" or "VND"	the lawful currency of the Socialist Republic of Vietnam
"Xiushuihe Mine"	秀水河鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan and operated by Xiushuihe Mining, with a mining area of 0.52 sq.km.
"Xiushuihe Mining"	Huili County Xiushuihe Mining Co., Ltd.*（會理縣秀水河礦業有限公司）, a limited liability company established in the PRC on 26 June 2007 and a subsidiary of the Company, in which the Company indirectly owns 95.0% equity interest
"Xiushuihe Processing Plant"	the ore processing plant located near the Xiushuihe Mine and operated by Xiushuihe Mining

"Yanglongshan Mine"	羊龍山鐵礦, an ordinary magnetite mine located in Wenchuan County, Sichuan, formerly an independent exploration region with an area of 8.79 sq.km. covered under the exploration permit of the Yanglongshan Mine, and has been consolidated as the Maoling-Yanglongshan Mine with the Maoling Extended Exploration Area since September 2012
"Yangqueqing Mine"	陽雀箐鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan and operated by Huili Caitong, with a mining area of 0.25 sq.km.

* *For identification purpose only*

By order of the Board
China Vanadium Titano-Magnetite Mining Company Limited
Teh Wing Kwan
Chairman

Hong Kong, 26 March 2019

As at the date of this announcement, the Board comprises Mr. Teh Wing Kwan (Chairman) as non-executive Director; Mr. Jiang Zhong Ping (Chief Executive Officer), Mr. Hao Xiemin (Financial Controller) and Mr. Wang Hu as executive Directors; Mr. Yu Haizong, Mr. Wu Wen and Mr. Liu Yi as independent non-executive Directors.

Website: www.chinavtmmining.com