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 2019

FINANCIAL HIGHLIGHTS

The Group

- recorded net gain on disposal of the Disposal Group which remained in a loss-making status prior to disposal; and
- derived profits from its mining operations of high-grade iron concentrates and trading.

The above profits were however offset by:

- operating loss for the Disposal Group before the Completion as a result of (i) higher average unit cost of production, including compliance cost; and (ii) the impairment losses as a result of the continued loss-making status for the operations of low-grade iron concentrates; and
- assets impairment for its specialised mining services segment on the ground that the Group has deferred its major capital expenditure decisions and postponed evaluation of certain major mining services jobs under the existing circumstances.

Given the above, the Group reported a Net Profit of RMB69.2 million for FY2019, reversing a Net Loss of RMB444.0 million in FY2018. The Net Profit for FY2019 included a profit reported under the Discontinued Operations of RMB74.3 million (comprised a net gain from Disposal of RMB153.0 million, offset by a net operating loss from Discontinued Operations of RMB78.7 million).

The basic and diluted profit per Share attributable to ordinary equity holders of the Company was approximately RMB0.031 for the year ended 31 December 2019, as contrary to loss per Share of approximately RMB0.197 for the year ended 31 December 2018.

The Board does not recommend payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

The Board hereby announces the audited consolidated results of the Group for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
CONTINUING OPERATIONS			
REVENUE	3, 4	**614,670**	684,750
Cost of sales		**(561,195)**	(634,210)
Gross profit		**53,475**	50,540
Other income and gains	4	**5,922**	602
Selling and distribution expenses		**(9,194)**	(11,284)
Administrative expenses		**(47,437)**	(34,746)
Other expenses		**(843)**	(2,256)
Impairment losses on property, plant and equipment	6	**–**	(1,071)
Impairment losses on other intangible asset	6	**(6,545)**	–
Reversal of impairment losses on trade receivables, net	6	**8,844**	9,898
Impairment losses on financial assets included in prepayments, other receivables and other assets	6	**(2,083)**	(23)
Impairment losses on assets held for sale	6	**(5,941)**	(1,469)
Finance costs	5	**(4,039)**	(8,343)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	6	**(7,841)**	1,848
Income tax credit/(expense)	7	**(6,091)**	2,808
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**(13,932)**	4,656
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from Discontinued Operations	8	**74,319**	(453,907)
PROFIT/(LOSS) FOR THE YEAR		**60,387**	(449,251)

	Notes	**2019** **RMB'000**	2018 RMB'000
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**743**	989
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**61,130**	(448,262)
Profit/(loss) attributable to:			
Owners of the Company		**69,199**	(443,969)
Non-controlling interests		**(8,812)**	(5,282)
		60,387	(449,251)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**69,800**	(443,161)
Non-controlling interests		**(8,670)**	(5,101)
		61,130	(448,262)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted			
– For profit/(loss) for the year	*10*	**RMB 0.031**	RMB(0.197)
– For profit/(loss) from Continuing Operations	*10*	**RMB(0.003)**	RMB 0.004

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**190,849**	159,203
Right-of-use assets	*14*	**3,178**	–
Intangible assets	*12*	**736,666**	737,526
Other intangible asset	*13*	**137**	7,525
Prepayments, other receivables and other assets	*15*	**1,125**	1,172
Deferred tax assets	*16*	**12,783**	17,601
Total non-current assets		**944,738**	923,027
CURRENT ASSETS			
Inventories	*17*	**29,418**	23,627
Trade receivables	*18*	**202,544**	105,229
Prepayments, other receivables and other assets	*15*	**8,615**	21,222
Due from related parties		**22,096**	–
Cash and cash equivalents	*19*	**26,689**	33,696
		289,362	183,774
Assets classified as held for sale	*20*	**35,832**	41,169
Assets of a disposal group classified as held for sale	*8*	**–**	1,297,877
Total current assets		**325,194**	1,522,820
CURRENT LIABILITIES			
Trade and bills payables	*21*	**68,463**	54,235
Contract liabilities	*22*	**5,820**	5,811
Other payables and accruals	*23*	**88,390**	77,878
Interest-bearing bank and other loans	*24*	**99,247**	84,645
Due to related parties		**40,638**	9,805
Tax payable		**9,435**	9,154
Lease liabilities	*14*	**1,254**	–
		313,247	241,528
Liabilities directly associated with the assets classified as held for sale	*8*	**–**	1,291,490
Total current liabilities		**313,247**	1,533,018

	Notes	2019 RMB'000	2018 RMB'000
NET CURRENT ASSETS/(LIABILITIES)		**11,947**	(10,198)
TOTAL ASSETS LESS CURRENT LIABILITIES		**956,685**	912,829
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	*24*	**–**	16,149
Provision for rehabilitation	*25*	**12,847**	1,833
Other payables	*23*	**849**	1,151
Lease liabilities	*14*	**1,375**	–
Total non-current liabilities		**15,071**	19,133
Net assets		**941,614**	893,696
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*26*	**197,889**	197,889
Reserves		**446,851**	376,848
		644,740	574,737
Non-controlling interests		**296,874**	318,959
Total equity		**941,614**	893,696

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 2019, the Group were 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2019. 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 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Other than as explained below regarding the impact of IFRS 16 and IFRIC 23, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

Further information about IFRS 16 and IFRIC 23 applied by the Group is described below:

(a) 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 account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of land use rights, office premises and machinery. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate ("IBR") at 1 January 2019 and included in interest-bearing bank and other loans. The right-of-use assets for most leases were 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 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under hire purchase arrangements of RMB535,000 that were reclassified from property, plant and equipment.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

As a lessee – Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e., finance lease payables) measured under IAS 17.

Financial impact at 1 January 2019

	RMB'000
Assets	
Increase in right-of-use assets	**28,177**
Decrease in property, plant and equipment	**(535)**
Decrease in prepaid land lease payments	**(23,064)**
Decrease in prepayments, other receivables and other assets	**(1,222)**
Increase in total assets	**3,356**
Liabilities	
Increase in lease liabilities	**4,670**
Decrease in interest-bearing bank and other loans	**(96)**
Decrease in other payables and accruals	**(1,469)**
Increase in total liabilities	**3,105**
Increase in retained profits	**203**
Increase in non-controlling interests	**48**

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	2,053
Weighted average IBR as at 1 January 2019	2.43%~5.35%
Discounted operating lease commitments as at 1 January 2019	4,574
Add: Hire purchase liabilities recognised as at 31 December 2018	96
Lease liabilities as at 1 January 2019	4,670

(b) 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. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

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 IAS 1 and IAS 8	*Definition of Material*[1]
Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
IFRS 17	*Insurance Contracts*[3]

[1] *Effective for annual periods beginning on or after 1 January 2020*
[2] *Effective for annual periods beginning on or after 1 January 2022*
[3] *Effective for annual periods beginning on or after 1 January 2023*
[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. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

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.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and products and has four (2018: four) 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 and the provision of consultancy and management services;

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

(c) the specialised mining services segment comprises the provision of specialised 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.

The Directors monitor 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, non-lease-related 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 and tax payable 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 2019

	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 customers	82,493	435,144	97,033	–	614,670
Intersegment sales	4,733	–	2,007	–	6,740
	87,226	435,144	99,040	–	621,410
Reconciliation:					
Elimination of intersegment sales					(6,740)
Revenue from Continuing Operations					614,670
Segment results	15,671	13,841	(26,423)	(11,970)	(8,881)
Reconciliation:					
Other income					5,922
Other expenses					(843)
Finance costs					(4,039)
Loss before tax from Continuing Operations					(7,841)
Segment assets	343,741	190,672	125,434	4,598,439	5,258,286
Reconciliation:					
Elimination of intersegment receivables					(4,027,826)
Deferred tax assets					12,783
Cash and cash equivalents					26,689
Total assets					1,269,932
Segment liabilities	248,951	191,654	107,035	3,676,140	4,223,780
Reconciliation:					
Elimination of intersegment payables					(4,004,144)
Interest-bearing bank and other loans					99,247
Tax payable					9,435
Total liabilities					328,318
Other segment information					
Provision for/(reversal of) impairment losses on trade receivables, net *(note 18)*	6	(8,850)	–	–	(8,844)
Provision for/(reversal of) impairment losses on financial assets included in prepayments, other receivables and other assets, net *(note 15)*	(2)	–	1,479	606	2,083
Impairment losses on other intangible asset *(note 13)*	–	–	6,545	–	6,545
Impairment losses on assets classified as held for sale	–	–	5,941	–	5,941
Depreciation and amortisation *(notes 11, 12, 13 and 14(b))*	7,489	–	5,296	579	13,364
Capital expenditures* *(note 11)*	32,526	–	3,926	5,688	42,140

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

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 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
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	(8,737)	(1,161)	–	–	(9,898)
Impairment losses on financial assets included in prepayments, other receivables and other assets	23	–	–	–	23
Impairment losses on property plant and equipment	–	–	1,071	–	1,071
Impairment losses on assets classified as held for sale	–	–	1,469	–	1,469
Depreciation and amortisation	11,882	–	6,420	–	18,302
Capital expenditures*	20,411	22	1,360	239	22,032

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

Entity-wide disclosures

Geographical information

(a) Revenue from external customers

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.

	2019	2018
	RMB'000	*RMB'000*
Domestic – Mainland China	**517,637**	599,659
Overseas – Australia	**97,033**	85,091
	614,670	684,750

(b) Non-current assets

	2019	2018
	RMB'000	*RMB'000*
Mainland China	**887,844**	863,928
Australia	**41,984**	40,326
Singapore	**394**	–
Hong Kong	**608**	–
	930,830	904,254

The non-current asset information of Continuing Operations above is based on the locations of the assets and excludes prepayments, other receivables and other assets and deferred tax assets.

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:

	2019	2018
	RMB'000	*RMB'000*
Customer A	**435,144**	528,863
Customer B	**62,719**	–
Customer C	**8,072**	80,434

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Revenue from contracts with customers				
Sale of industrial products:				
High-grade iron concentrates	**79,112**	**12.9**	81,744	12.0
Coals	**6,347**	**1.0**	271,416	39.6
Steels	**428,797**	**69.8**	246,499	36.0
Rendering of specialised mining services	**97,033**	**15.8**	85,091	12.4
Rendering of consultancy and management services	**3,381**	**0.5**	–	–
	614,670	**100.0**	684,750	100.0

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2019

Segments	**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	79,112	–	–	–	79,112
Trading of coals	–	6,347	–	–	6,347
Trading of steels	–	428,797	–	–	428,797
Rendering of specialised mining services	–	–	97,033	–	97,033
Rendering of consultancy and management services	3,381	–	–	–	3,381
	82,493	435,144	97,033	–	614,670
Geographical markets					
Mainland China	82,493	435,144	–	–	517,637
Australia	–	–	97,033	–	97,033
	82,493	435,144	97,033	–	614,670
Time of revenue recognition					
Goods transferred at a point in time	79,112	435,144	–	–	514,256
Services transferred over time	3,381	–	97,033	–	100,414
	82,493	435,144	97,033	–	614,670

For the year ended 31 December 2018

Segments	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 2019

Segments	**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	**82,493**	**435,144**	**97,033**	**–**	**614,670**
Intersegment sales	**4,733**	**–**	**2,007**	**–**	**6,740**
	87,226	**435,144**	**99,040**	**–**	**621,410**
Intersegment adjustments and eliminations	**(4,733)**	**–**	**(2,007)**	**–**	**(6,740)**
Total revenue from contracts with customers	**82,493**	**435,144**	**97,033**	**–**	**614,670**

For the year ended 31 December 2018

Segments	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:

	2019 ***RMB'000***	2018 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Rendering of specialised mining services from Continuing Operations *(note 22)*	**5,811**	1,526
Sale of industrial products from Discontinued Operations *(note 22)*	**–**	429
	5,811	1,955

(b) Performance obligations

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

Sale of industrial products

The performance obligation is satisfied upon delivery of the concentrates and payment is generally due within 120 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.

Consultancy and management services

The performance obligation is satisfied over time as services are rendered. Consultancy and management service contracts are for periods of one year or more, and are billed based on the time incurred.

At 31 December 2019 and 2018, the amount of transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) which are expected to be recognised as revenue within one year relate to rendering of specialised mining services and consultancy and management services.

An analysis of other income and gains is as follows:

	Notes	2019 RMB'000	2018 RMB'000
Other income			
Bank interest income		**68**	49
Government grants	*a*	**4**	86
Remission of general interest charge	*b*	**2,908**	–
Miscellaneous		**855**	240
		3,835	375
Gains			
Gain on disposal of property, plant and equipment		**2,087**	227
Total other income and gains		**5,922**	602

Notes:

(a) There were no unfulfilled conditions or contingencies relating to these grants.

(b) The remission of general interest charge was from the Australia Tax Office upon settlement of payables during the year.

5. FINANCE COSTS

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

	2019 RMB'000	2018 RMB'000
Interest on bank and other loans	**3,497**	7,906
Other miscellaneous interest charges	**793**	–
Interest on lease liabilities *(note 14(d))*	**107**	–
Interest on hire purchase arrangements	**–**	320
Unwinding of discount on provision *(note 25)*	**(358)**	117
	4,039	8,343

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	**2019** *RMB'000*	2018 *RMB'000*
Cost of inventories sold		**477,106**	560,747
Cost of services rendered		**84,089**	73,463
Employee benefit expenses (including Directors' and chief executive's remuneration):			
Wages and salaries		**30,577**	22,207
Welfare and other benefits		**670**	841
Pension scheme contributions			
– Defined contribution fund		**4,195**	3,781
Housing fund			
– Defined contribution fund		**281**	161
Total employee benefit expenses		**35,723**	26,990
Depreciation of property, plant and equipment	*11*	**10,421**	16,443
Depreciation of right-of-use assets	*14(b)*	**1,240**	–
Amortisation of intangible assets	*12*	**860**	944
Amortisation of other intangible asset	*13*	**843**	915
Depreciation and amortisation expenses		**13,364**	18,302
Impairment losses recognised on:			
Other intangible asset	*13*	**6,545**	–
Assets classified as held for sale		**5,941**	1,469
Property, plant and equipment	*11*	**–**	1,071
Financial assets included in prepayments, other receivables and other assets	*15*	**2,083**	23
Reversal of impairment losses on trade receivables, net	*18*	**(8,844)**	(9,898)
Total provision for/(reversal of) impairment losses, net		**5,725**	(7,335)
Lease payments not included in the measurement of lease liabilities	*14(d)*	**984**	1,371
Auditor's remuneration		**1,400**	1,050

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 2019 and 2018.

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 2019 and 2018.

The provision for PRC corporate income tax ("PRC 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 2019. 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 are 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:

	2019 ***RMB'000***	2018 *RMB'000*
Current – Singapore		
Charge for the year	**3**	–
Current – Mainland China		
Charge for the year	**1,270**	–
Deferred *(note 16)*	**4,818**	(2,666)
Exchange realignment	**–**	(142)
Total tax charge/(credit) for the year from Continuing Operations	**6,091**	(2,808)
Total tax charge for the year from Discontinued Operations *(note 8)*	**1,551**	16,116
	7,642	13,308

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	**2019** **RMB'000**	2018 *RMB'000*
Profit/(loss) before tax from Continuing Operations		**(7,481)**	1,848
Profit/(loss) before tax from Discontinued Operations		**75,870**	(437,791)
		68,029	(435,943)
Tax at the respective statutory tax rates:			
– Mainland China subsidiaries, at 25%		**25,156**	(108,986)
– Australia subsidiaries, at 30%		**(3,852)**	–
– the Company and its Hong Kong subsidiary, at 16.5%		**(2,856)**	–
– Singapore subsidiaries, at 17%		**11**	–
Expenses not deductible for tax	*(a)*	**2,691**	4,385
Tax effect of tax losses not recognised		**8,503**	40,829
Tax effect of deductible temporary differences not recognised		**18,007**	79,853
Income not subject to tax		**(38,249)**	(3)
Tax losses utilised from the prior year		**(1,769)**	(2,770)
Tax charge at the Group's effective tax rate		**7,642**	13,308
Tax charge from Continuing Operations at the effective tax rate		**6,091**	(2,808)
Tax charge from Discontinued Operations at the effective tax rate		**1,551**	16,116

Note:

(a) Expenses not deductible for tax for the years ended 31 December 2019 and 31 December 2018 mainly consist of administrative expenses incurred by offshore companies. These expenses are not expected to be deductible for tax.

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 the southern region of Sichuan. The Disposal Group was disposed on 30 July 2019. With the completion of the Disposal, the gain on disposal of the Discontinued Operations and the related income tax are presented in the results of the Disposal Group.

The results of the Disposal Group for the period ended 30 July 2019 and year ended 31 December 2018 are presented below:

	Note	**Period ended 30 July 2019** *RMB'000*	Year ended 31 December 2018 *RMB'000*
REVENUE		**308,941**	457,221
Cost of sales		**(243,892)**	(381,862)
Gross profit		**65,049**	75,359
Other income and gains		**27,547**	121,396
Selling and distribution expenses		**(38,696)**	(73,103)
Administrative expenses		**(24,915)**	(83,453)
Other expenses		**(2,514)**	(26,021)
Write-down of inventories to net realisable value		**–**	(2,680)
Impairment losses on property, plant and equipment	*(a)*	**(62,095)**	(112,238)
Impairment losses on intangible assets	*(a)*	**(5,151)**	(266,630)
Impairment losses on right-of-use assets	*(a)*	**(3,588)**	–
Impairment losses on prepaid land lease payments	*(a)*	**–**	(8,841)
Reversal of/(provision for) impairment losses on trade receivables, net		**(3,208)**	3,452
Impairment losses on financial assets included in prepayments, other receivables and other assets		**–**	(12,198)
Finance costs		**(29,556)**	(52,834)
Loss from the Discontinued Operations		**(77,127)**	(437,791)
Gain on disposal of the Discontinued Operations		**152,997**	–
Profit/(loss) before tax from Discontinued Operations		**75,870**	(437,791)
Income tax expense		**(1,551)**	(16,116)
PROFIT/(LOSS) FOR THE PERIOD FROM THE DISCONTINUED OPERATIONS		**74,319**	(453,907)

Note:

(a) The Group measured the assets of a disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell. In accordance with the Group's accounting policies, each asset or cash-generating unit 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. As mentioned in the Company's annual report for the year ended 31 December 2018, the Company has entered into the SPA with Chengyu Vanadium Titano on 29 January 2019 in respect of the Disposal with the consideration of RMB550,000,000. Upon the Completion, the Disposal Group (i) ceased to be the subsidiaries of the Company and (ii) has since become subsidiaries of Chengyu Vanadium Titano. A formal estimate of the recoverable amount as at 30 July 2019 had been made.

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. 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, the mining right of Cizhuqing Mine and Yangqueqing 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 12.00% and 16.11% (31 December 2018: 12.01% and 15.26%) depending on the nature of the CGU/asset. The cash flows beyond the periods ranging from 3 to 5 years are extrapolated using a zero growth rate until the end of the useful lives of the respective assets.

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

Resources/reserves – These represent one of the key factors 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 taking into account development plans of the mine agreed by management as part of the long-term planning process.

Discount rates – 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 30 July 2019 and impairment provisions for the period ended 30 July 2019 are as follows:

	Recoverable amount	**Carrying amount**	**Impairment provision**
	RMB'000	*RMB'000*	*RMB'000*
Baicao CGU	128,870	175,310	46,440
Xiushuihe CGU	290,442	314,836	24,394
			70,834

The above impairment provisions as at 30 July 2019 have been allocated to the following asset classes.

Impairment loss recognised on property, plant and equipment

An impairment loss of RMB62,095,000 (2018: RMB112,238,000) was recognised during the period ended 30 July 2019 to write down the carrying amounts of Baicao Processing Plant, Xiushuihe Processing Plant and Hailong Processing Plant to their respective recoverable amounts of RMB107,314,000, RMB216,025,000 and RMB62,841,000 as at 30 July 2019.

Impairment loss recognised on prepaid land lease payments/right-of-use assets

An impairment loss of RMB3,588,000 (2018: RMB8,841,000) was recognised during the period ended 30 July 2019 to write down the carrying amounts of prepaid land lease payments/right-of-use assets of Baicao Mine and Xiushuihe Mine to their respective recoverable amounts of RMB7,259,000 and RMB11,576,000 as at 30 July 2019.

Impairment loss recognised on intangible assets

An impairment loss of RMB5,151,000 (2018: RMB266,630,000) was recognised during the period ended 30 July 2019 to write down the carrying amount of the mining right and stripping activity assets of Baicao Mine to the recoverable amount of RMB14,296,000 as at 30 July 2019.

The impairment losses recognised for Baicao CGU and Xiushuihe CGU were primarily a result of higher compliance cost due to stringent environmental regulations in recent years.

The major classes of assets and liabilities of the Disposal Group as at 30 July 2019 are as follows:

	30 July 2019 *RMB'000*	31 December 2018 *RMB'000*
ASSETS		
Property, plant and equipment	**409,395**	403,423
Intangible assets	**335,761**	340,666
Prepaid land lease payments	**–**	23,064
Right-of-use assets	**21,462**	–
Payments in advance	**156**	156
Deferred tax assets	**37,668**	39,218
Inventories	**55,641**	45,594
Trade receivables	**–**	47,614
Prepayments, other receivables and other assets	**140,048**	138,040
Due from related parties	**28**	27
Cash and cash equivalents	**55**	75
Assets classified as held for sale	**260,000**	260,000
Assets of a disposal group classified as held for sale	**1,260,214**	1,297,877
LIABILITIES		
Trade and bills payables	**138,243**	119,561
Other payables and accruals	**349,130**	364,055
Interest-bearing bank and other loans	**796,098**	802,098
Due to related parties	**449**	449
Tax payable	**(6,931)**	(6,821)
Dividend payable	**1,801**	1,801
Lease liability	**1,507**	–
Provision for rehabilitation	**35,484**	10,347
Liabilities directly associated with the assets classified as held for sale	**1,315,781**	1,291,490
Net assets/(liabilities) directly associated with the Disposal Group	**(55,567)**	6,387

The net cash flows incurred by the Disposal Group for the period ended 30 July 2019 and year ended 31 December 2018 are as follows:

	Period ended 30 July 2019 *RMB'000*	Year ended 31 December 2018 *RMB'000*
Operating activities	**31,087**	52,660
Investing activities	**(53,230)**	(105,150)
Financing activities	**22,123**	52,490
Net cash outflow	**(20)**	–
Earnings/(loss) per share:		
Basic and diluted, from the Discontinued Operations	**RMB0.034**	RMB(0.201)

The calculations of basic and diluted profit/(loss) per share from the Discontinued Operations are based on:

	Period ended 30 July 2019	Year ended 31 December 2018
Profit/(loss) attributable to ordinary equity holders of the parent from the Discontinued Operations	**RMB 75,821,000**	RMB (449,658,000)
Weighted average number of ordinary shares used in the basic and diluted earnings/(loss) per share calculation *(note 26)*	**2,249,015,410**	2,249,015,410

9. DIVIDEND

At a meeting of the Directors held on 26 March 2020, the Directors did not recommend a final dividend for the year ended 31 December 2019 (2018: 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 profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of Shares of 2,249,015,410 (2018: 2,249,015,410) in issue during the year ended 31 December 2019.

No adjustment has been made to the basic earnings/(loss) per Share amounts presented for the years ended 31 December 2019 and 2018 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 2019							
Cost:							
At 31 December 2018	40,288	67,686	1,166	2,523	105,014	31,151	247,828
Effect of adoption of IFRS 16	–	(824)	–	–	–	–	(824)
At 1 January 2019 (restated)	40,288	66,862	1,166	2,523	105,014	31,151	247,004
Additions	64	3,500	153	137	30,440	7,846	42,140
Transferred from CIP	–	463	–	–	–	(463)	–
Disposals	–	(1,048)	–	–	–	–	(1,048)
Exchange realignment	–	466	8	3	–	44	521
At 31 December 2019	40,352	70,243	1,327	2,663	135,454	38,578	288,617
Accumulated depreciation and impairment:							
At 31 December 2018	20,929	17,696	570	2,054	44,846	2,530	88,625
Effect of adoption of IFRS 16	–	(289)	–	–	–	–	(289)
At 1 January 2019 (restated)	20,929	17,407	570	2,054	44,846	2,530	88,336
Provided for the year *(note 6)*	(91)	5,313	161	139	4,899	–	10,421
Impairment recognised during the year	–	–	–	–	–	–	–
Disposals	–	(1,037)	–	–	–	–	(1,037)
Exchange realignment	–	31	4	–	–	13	48
At 31 December 2019	20,838	21,714	735	2,193	49,745	2,543	97,768
Net carrying amount:							
At 31 December 2018	19,359	49,990	596	469	60,168	28,621	159,203
Effect of adoption of IFRS 16	–	(535)	–	–	–	–	(535)
At 1 January 2019 (restated)	19,359	49,455	596	469	60,168	28,621	158,668
At 31 December 2019	19,514	48,529	592	470	85,709	36,035	190,849

	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 assets 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 *(note 6)*	–	–	–	–	–	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 assets 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

Notes:

(a) The net carrying amounts of the Group's fixed assets held under hire purchase agreement included in the total amounts of plant and machinery aggregating to RMB535,000 as of 31 December 2018.

(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 made.

12. INTANGIBLE ASSETS

	Mining rights *RMB'000*	Exploration rights and assets *RMB'000*	Total *RMB'000*
31 December 2019			
Cost:			
At 1 January and 31 December 2019	800,295	65,991	866,286
Accumulated amortisation and impairment:			
At 1 January 2019	128,760	–	128,760
Amortisation provided during the year *(note 6)*	860	–	860
At 31 December 2019	129,620	–	129,620
Net carrying amount:			
At 1 January 2019	671,535	65,991	737,526
At 31 December 2019	670,675	65,991	736,666

	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	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

As at 31 December 2019, the mining rights of Maoling Mine with a net carrying amount of RMB20,966,000 (2018: RMB21,826,000) were pledged to secure the Group's bank loans (note 24(a)).

13. OTHER INTANGIBLE ASSET

	Brand name
	RMB'000
31 December 2019	
Cost:	
At 1 January and 31 December 2019	**8,440**
Accumulated amortisation and impairment:	
At 1 January 2019	**915**
Amortisation provided during the year *(note 6)*	**843**
Impairment recognised for the year *(note 6)*	**6,545**
At 31 December 2019	**8,303**
Net carrying amount:	
At 1 January 2019	**7,525**
At 31 December 2019	**137**
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

Brand name arose from the acquisition of the business of Mancala Holdings and its subsidiaries ("Mancala Group"), whose principal business operations are carried out in Australia, on 1 December 2017. For the purpose of impairment assessment, Specialised Mining Services CGU (comprising the property, plant and equipment, the right-of-use assets of Mancala Group and the brand name) is treated as a separate CGU. The recoverable amount of the Specialised Mining Services CGU was estimated based on its VIU determined by discounting the future cash flows to be generated from the continuing use of these assets. The recoverable amount is determined based on the calculation using cash flow projections according to financial budgets covering a twenty-year period approved by management with pre-tax discount rate of 13%. The cash flows beyond the three-year period were extrapolated using a growth rate of 2.57%, which was referred to the growth rate of the gross domestic product in Australia for the past ten years.

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

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the last ten year before the budget year.

Revenue growth – The basis used to determine the value assigned to the revenue growth rate is the growth of the gross domestic product during the last ten years before the budget year for Australia from where the revenue is mainly generated.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

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

Based on the impairment assessment, the recoverable amount, carrying amount as at 31 December 2019 and impairment provision for the year ended 31 December 2019 are as follows:

	Recoverable amount	**Carrying amount**	**Impairment provision**
	RMB'000	*RMB'000*	*RMB'000*
Specialised Mining Services CGU	42,121	48,666	6,545

An impairment loss of RMB6,545,000 was recognised during the year ended 31 December 2019 to write down the carrying amount of the other intangible asset to the recoverable amount of RMB137,000 as at 31 December 2019.

The impairment loss arising from Mancala Group was mainly due to the challenging outlook on macro-environment and weaker market sentiment given the increase in risk and uncertainty. The business plan was adjusted correspondingly to reflect the recoverable amount which consequently led to impairment.

14. LEASES

The Group as a lessee

The Group has lease contracts for office premises used in its operations. Lump sum payments were made upfront to acquire the leased office premises with lease periods of three years, and no ongoing payments will be made under the terms of these leases. Leases of office premises have lease terms between 1 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Prepaid land lease payments (before 1 January 2019)

	RMB'000
Carrying amount at 1 January 2018	33,015
Recognised in profit or loss during the year:	
Impairment recognised for the year from Discontinued Operations	(8,841)
Amortised during the year from Discontinued Operations	(1,110)
Assets included in Discontinued Operations	(23,064)
Carrying amount at 31 December 2018	–

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office premises *RMB'000*	**Prepaid land lease payment** *RMB'000*	**Plant and machinery** *RMB'000*	**Total** *RMB'000*
As at 1 January 2019	4,578	23,064	535	28,177
Additions	1,291	–	–	1,291
Depreciation charged *(note 6)*	(1,158)	–	(82)	(1,240)
Impairment recognised during the year *(note 8)*	–	(3,588)	–	(3,588)
Decrease as a result of disposal of subsidiaries (assets included in Discontinued Operations)	(1,986)	(19,476)	–	(21,462)
As at 31 December 2019	2,725	–	453	3,178

(c) ***Lease liabilities***

The carrying amount of lease liabilities and the movements during the year are as follows:

	2019
	RMB'000
Carrying amount at 1 January	**4,670**
New leases	**1,051**
Accretion of interest recognised during the year	**132**
Payments	**(1,717)**
Decrease as a result of disposal of subsidiaries (liabilities included in Discontinued Operations *(note 8))*	**(1,507)**
Carrying amount at 31 December	**2,629**
Analysed into:	
Current portion	**1,254**
Non-current portion	**1,375**

The total cash outflow for leases included in the statement of cash flows is within financing activities.

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	2019
	RMB'000
Interest on lease liabilities	
– Continuing Operations *(note 5)*	**107**
– Discontinued Operations	**25**
Depreciation charge of right-of-use assets	**1,240**
Expense relating to short-term leases and the leases with remaining lease terms ended on or before 31 December 2019 (included in administrative expenses) *(note 6)*	**953**
Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution expense) *(note 6)*	**31**
Total amount recognised in profit or loss	**2,356**

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	31 December 2019 *RMB'000*	1 January 2019 *RMB'000*	31 December 2018 *RMB'000* (restated)
Current portion:				
Prepayments consisting of:				
Purchase of raw materials		**222**	**8,725**	8,725
Prepayment for the use right of a road		**47**	**47**	47
Other prepayments		**2,920**	**1,572**	1,572
Other receivables consisting of:				
Deductible value added tax input		**2,784**	**–**	–
Other receivables	*(a)*	**3,248**	**9,689**	10,911
		9,221	**20,033**	21,255
Impairment allowance	*(b)*	**(606)**	**(33)**	(33)
		8,615	**20,000**	21,222
Non-current portion:				
Prepayment for the use right of a road		**585**	**636**	636
Long-term deposit		**540**	**536**	536
		1,125	**1,172**	1,172
		9,740	**21,172**	22,394

Notes:

(a) As a result of the initial application of IFRS 16, prepaid lease payments of RMB1,222,000 previously included in "Prepayments, other receivables and other assets" were adjusted to the right-of-use assets recognised at 1 January 2019 (refer to note 2.2 to the financial statements for further details)

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

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**33**	51
Impairment losses, net from Continuing Operations *(note 6)*	**2,083**	23
Impairment losses, net from Discontinued Operations	**–**	12,198
Amount written off as uncollectible	**(1,510)**	–
Impairment included in Discontinued Operations	**–**	(12,239)
At end of year	**606**	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 2019 ranged 0.0% to 100.0% (2018: 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**	**Provision for impairment**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 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	(30)	2,037	52	2,289	(1,682)	2,666
Deferred tax credited/ (charged) to profit or loss during the year from Discontinued Operations	(18,115)	(9,605)	(1,950)	–	13,554	(16,116)
Deferred tax included in Discontinued Operations	(27,509)	9,680	(416)	–	(20,973)	(39,218)
Deferred tax assets at 31 December 2018	8,188	5,978	408	2,289	738	17,601
At 1 January 2019	8,188	5,978	408	2,289	738	17,601
Deferred tax credited/ (charged) to profit or loss during the year *(note 7)*	(4,389)	(338)	(77)	(14)	–	(4,818)
Deferred tax assets at 31 December 2019	3,799	5,640	331	2,275	738	12,783

As at 31 December 2019, the Group has tax losses arising from Mainland China of RMB1,081,481,000 (2018: RMB32,971,000) that would expire in one to five years and other deductible temporary differences of RMB120,883,000 (2018: RMB127,269,000) 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.

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

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 2019, 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.

17. INVENTORIES

	2019	2018
	RMB'000	*RMB'000*
Raw materials	**8,213**	3,011
Spare parts and consumables	**1,553**	2,314
Finished goods	**125**	278
Others	**19,554**	18,083
	29,445	23,686
Provision for inventories	**(27)**	(59)
	29,418	23,627

18. TRADE RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**215,357**	126,886
Impairment	**(12,813)**	(21,657)
	202,544	105,229

The Group's trading terms with its customers are mainly on credit. During the year, the Group granted credit terms ranging from six months to nine months to its customers for sale of self-produced products because the market conditions remained weak and a credit term of six months to its trading customers and customers for specialised 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 date of revenue recognised and net of loss allowance, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 3 months	**178,257**	103,751
3 to 6 months	**29,734**	14
6 to 9 months	**162**	–
9 to 12 months	**–**	–
Over 1 year	**7,204**	1,464
	215,357	105,229

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

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**21,657**	343,844
Reversal of impairment, net from Continuing Operations *(note 6)*	**(8,844)**	(9,898)
Reversal of impairment, net from Discontinued Operations	**–**	(3,452)
Amount written off as uncollectible	**–**	(2,999)
Impairment included in Discontinued Operations	**–**	(305,838)
At end of year	**12,813**	21,657

The decrease in the loss allowance was a result of the settlement of trade receivables past due.

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:

As at 31 December 2019

	Current	**Past due**	**Total**
Expected credit loss rate	**3.1%**	**100%**	
Gross carrying amount *(RMB'000)*	**208,153**	**7,204**	**215,357**
Settlement subsequently *(RMB'000)*	**(27,223)**	**–**	**(27,223)**
Carrying amount subject to credit risk exposure *(RMB'000)*	**180,930**	**7,204**	**188,134**
Expected credit losses *(RMB'000)*	**5,609**	**7,204**	**12,813**

As at 31 December 2018

	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

Transferred financial assets that are derecognised in their entirety

As at 31 December 2019, 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 RMB218,863,000 (2018: RMB249,880,000); furthermore, as at 31 December 2019, the Group did not discount bills receivable accepted by banks in the PRC (2018: RMB500,000) (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 (2018: Nil) on discounted bills receivable. No gains or losses were recognised from the Continuing Involvement, both during the year and cumulatively. The endorsement and discount of bills receivable have been made evenly throughout the year.

19. CASH AND CASH EQUIVALENTS

	2019	2018
	RMB'000	*RMB'000*
Cash and cash equivalents	**26,689**	33,696

The Group's cash and bank balances are denominated in RMB at the end of each reporting period, except for the following:

	2019	2018
	RMB'000	*RMB'000*
Cash and bank balances denominated in:		
HKD	**286**	20,953
USD	**49**	56
SGD	**233**	302
VND	**48**	764
AUD	**1,852**	2,828

The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

20. ASSETS CLASSIFIED AS HELD FOR SALE

Non-recurring fair value measurements:

	2019	2018
	RMB'000	*RMB'000*
Unutilised fixed assets for specialised mining services	**35,832**	41,169

The balance as at 31 December 2018 and 2019 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 2019 and 2018, as it is derived from quoted prices in markets that are not active.

21. TRADE AND BILLS PAYABLES

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:

	2019	2018
	RMB'000	*RMB'000*
Within 180 days	**60,495**	49,667
181 to 365 days	**3,283**	–
1 to 2 years	**696**	81
2 to 3 years	**24**	3,448
Over 3 years	**3,965**	1,039
	68,463	54,235

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

22. CONTRACT LIABILITIES

	31 December 2019	31 December 2018	1 January 2018
	RMB'000	*RMB'000*	*RMB'000*
Short-term advances received from customers			
Rendering of specialised mining services	**5,820**	5,811	1,955

Contract liabilities include short-term advances received in relation to the rendering of specialised mining services. The increase in contract liabilities in 2019 was mainly due to the increase in short-term advances received from customers in relation to the delivery of rendering of specialised mining service at the end of the year.

Changes in contract liabilities during the reporting periods are as follows:

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**5,811**	1,955
Revenue recognised that was included in the contract liabilities at the beginning of year from Continuing Operations	**(5,811)**	(1,526)
Revenue recognised that was included in the contract liabilities at the beginning of year from Discontinued Operations	**–**	(429)
Increase due to cash received, excluding amounts recognised as revenue during the year	**5,820**	5,811
At 31 December	**5,820**	5,811

23. OTHER PAYABLES AND ACCRUALS

	Notes	31 December 2019	1 January 2019	31 December 2018
		RMB'000	*RMB'000*	*RMB'000*
Current portion:				
Payables related to:				
Construction in progress		**19,655**	**8,135**	8,135
Taxes other than income tax		**23,616**	**25,702**	25,702
Exploration and evaluation assets		**7,456**	**10,329**	10,329
Payroll and welfare payable		**8,770**	**8,607**	8,607
Acquisition of subsidiaries				
– Sichuan Xinglian	*(a)*	**–**	**133**	133
Consultancy and professional fees		**4,455**	**3,156**	3,156
Deposits received		**4**	**7**	7
Accrued government surcharges		**4,529**	**4,529**	4,529
Accrued interest expenses		**111**	**100**	100
Other payables	*(b)*	**19,794**	**15,711**	17,180
		88,390	**76,409**	77,878
Non-current portion:				
Other payables		**849**	**1,151**	1,151
		849	**1,151**	1,151
		89,239	**77,560**	79,029

Notes:

(a) The balance as at 31 December 2018 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) As a result of the initial application of IFRS 16, accrued lease payments of RMB1,469,000 previously included in "Other payables and accruals" were adjusted to the lease liabilities recognised at 1 January 2019 (refer to note 2.2 to the financial statements for further details).

24. INTEREST-BEARING BANK AND OTHER LOANS

	Notes	**31 December 2019** *RMB'000*	**1 January 2019** *RMB'000*	31 December 2018 *RMB'000* (restated)
Bank loans – Secured	*(a)*	**83,770**	**83,979**	83,979
Bank loans – Unsecured	*(b)*	**179**	**–**	–
Hire purchase arrangements – secured	*(c)*	**–**	**–**	96
Other loans – unsecured	*(d)*	**15,298**	**16,719**	16,719
		99,247	**100,698**	100,794
Current liabilities		**(99,247)**	**(84,549)**	(84,645)
Non-current liabilities		**–**	**16,149**	16,149
Analysed into:				
Bank loans repayable:				
Within one year or on demand		**83,949**	**83,979**	83,979
Hire purchase arrangements repayable:				
Within one year		**–**	**–**	96
Other loans repayable:				
Within one year or on demand		**15,298**	**570**	570
In the second year		**–**	**15,565**	15,565
In the third to fifth years, inclusive		**–**	**584**	584
		15,298	**16,719**	16,719
		99,247	**100,698**	100,794

	2019	2018
	(Effective interest rate)	
Banks loans	**2.40%-4.35%**	3.92%-8.82%
Other loans	**0.00%**	0.00%-8.40%
Hire purchase arrangements	**–**	4.80%

Notes:

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

	2019	2018
	RMB'000	*RMB'000*
	(Amount of bank loans)	
Mining rights of Maoling Mine	**83,770**	83,979

(b) The balance mainly represented the unsecured bank loan for the compensation insurance of workers in Australia with a one-year term ended on 1 July 2020 at the annual rate of 2.4%.

(c) As a result of the initial application of IFRS 16, finance leases payment of RMB96,000 previously included in "Interest-bearing bank and other loans" was adjusted to the lease liability recognised at 1 January 2019 (refer to note 2.2 to the financial statements for further details). The Group previously 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 2019, payable relating to the hire purchase arrangements has been repaid.

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

As at 31 December 2019, the other loan and unsecured bank loan were denominated in AUD, whereas the secured bank loan was denominated in RMB. As at 31 December 2018, except for the hire purchase arrangements and other loans which were denominated in AUD, all bank loans and other loans were denominated in RMB.

25. PROVISION FOR REHABILITATION

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**1,833**	11,400
Unwinding of discount		
– From Continuing Operations *(note 5)*	**(358)**	117
– From Discontinued Operations	**–**	663
Additions	**11,372**	–
Impairment included in Discontinued Operations	**–**	(10,347)
At end of year	**12,847**	1,833

26. SHARE CAPITAL

	2019	2018
	RMB'000	*RMB'000*
Shares		
Authorised:		
10,000,000,000 (2018: 10,000,000,000) ordinary shares of HKD0.1 each	**880,890**	880,890
Issued and fully paid:		
2,249,015,410 (2018: 2,249,015,410) ordinary 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 2019	2,249,015,410	197,889
Issue of new shares	–	–
At 31 December 2019	2,249,015,410	197,889

27. DISPOSAL OF SUBSIDIARIES

	2019
	RMB'000
Net assets disposed of:	
Property, plant and equipment	**409,395**
Intangible assets	**335,761**
Right-of-use assets	**21,462**
Payments in advance	**156**
Deferred tax assets	**37,668**
Inventories	**55,641**
Dividend receivable	**24,836**
Prepayments, other receivables and other assets	**140,048**
Due from related parties	**454,028**
Cash and cash equivalents	**55**
Assets classified as held for sale	**260,000**
Trade and bills payables	**(138,243)**
Other payables and accruals	**(349,130)**
Interest-bearing bank and other loans	**(796,098)**
Due to related parties	**(449)**
Tax payable	**6,931**
Dividend payables	**(18,957)**
Lease liability	**(1,507)**
Provision for rehabilitation	**(35,484)**
	406,113
Less:	
Non-controlling interests derecognised on completion of the disposal	**(13,463)**
Add:	
Other costs attributable to the disposal	**4,353**
Gain on disposal of subsidiaries	**157,997**
	550,000
Satisfied by:	
Cash	**85,000**
Offset of intra-group balance	**465,000**
	550,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2019
	RMB'000
Cash consideration	**85,000**
Cash and bank balances disposed of	**(55)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**84,945**

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of independent auditor's report issued by the Company's independent auditor:

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance."

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

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

- According to the National Bureau of Statistics of the PRC, China's gross domestic product recorded a growth rate of 6.1% in 2019, compared with 6.6% in 2018, as the economic slowdown continued. The growth rate has decelerated to the slowest on record of 6% in both the third and fourth quarters of 2019;

- Steel production in China continued to grow in 2019, by 9.1% to 1,200 Mt, in spite of the implementation of excessive steel capacity elimination protocol. Monthly steel output volume exceeded an unprecedented level of 100 Mt for each of the months from April to December in 2019. High steel production capacity drove down the price of steel;

- In response to the persistent rise in output, in November 2019, China's National Development and Reform Commission ("NDRC"), Ministry of Industry and Information Technology, and National Bureau of Statistics issued a joint notice to local authorities across the country to launch an investigation into the actual steel production and capacity of each individual steel mills between 2016 and 2019, in order to provide better and more accurate understanding of the industry for the central government to design appropriate development strategies;

- Following up on the "Blues Skies" initiative launched in 2018 and the notice for ultra-low emissions in the steel industry issued jointly by China's Ministry of Ecology and Environment ("MEE") and NDRC in April 2019, the MEE released a set of guidelines in December 2019 for the assessment and monitoring of ultra-low emissions in the steel industry;

- China's Purchasing Managers' Index ("PMI") fell below 50.0 in eight of the months in 2019, with the lowest in February at 49.2 and the highest in March at 50.5, due mainly to the manufacturing break and subsequent resumption before and after Chinese New Year, respectively. However, the steel sector has contracted towards the end of the year, with the overall PMI in the steel industry averaging 47.2, marking a drop of 3.5 basis points year-on-year;

- Affected by the international supply disruption in iron ore as a result of the Brazil Vale mine disaster in January 2019, as well as the continued increase in steel production within China, iron ore prices in 2019 in China went through a sharp uptrend. The China Iron Ore Price Index compiled by the China Iron and Steel Association surged to the historic peak of 419.51 at the end of July 2019, but was adjusted downward when supply swelled in August 2019. Nevertheless, the 333.04 point recorded at year's end marked a 31.4% year-on-year increase of 253.39 in December 2018;

- Due to increasing compliance with the environmental policies by Chinese steelmakers, the demand for the less polluting high-grade iron ore spiked, with the China 62% TFe Iron Ore Price Index increased from 72.35 at the start of January 2019, reaching the record high of 126.35 in July 2019. High-grade iron ore price index was regulated when supply caught up with demand after August 2019, fluctuating between just below 80 and above 90; and

- Impact of the China-US trade war became more apparent as the year went on, with global trade contracting as a result of tariff pressures. Despite rebounding during the first half of the year, China's steel export for the FY2019 amounted to 64.29 Mt with a year-on-year drop of 7.3%, according to the General Administration of Customs of the PRC.

BUSINESS AND OPERATIONS REVIEW

Operation and Financial Overview

During the Reporting Period, the Group reported lower revenue, which fell by 19.1% to approximately RMB923.6 million for FY2019, mainly caused by non consolidation of Disposal Group's revenue subsequent to 30 July 2019.

Specifically,

- average selling price for low-grade iron concentrates (within the southern region of Sichuan and Panxi Region in particular) increased by approximately 9.8% on average for 7 months in 2019 up to the date of Completion due to global supply decline in the aftermath of the Brazil mining accident in spite of falling demand under the stringent anti-smog policies in China;

- average selling price for high-grade iron concentrates rose by approximately 11.1% – 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 since FY2018); and

- smaller proportion of trading activities given the Group's shift in business direction to progressively reduce its exposure in this segment which requires higher working capital requirements and discretionary change in its trading product mix for improving margins in response to market demand – total purchase and sales volumes of trading activities were approximately 127.0 Kt and 127.0 Kt, respectively, representing a fall of 58.7% and 60.3%, respectively, as compared to FY2018.

The production and sales volumes were as follows:

- high-grade iron concentrates were approximately 99.2 Kt and 91.6 Kt for FY2019, respectively;

- low-grade iron concentrates were approximately 658.5 Kt and 645.0 Kt for the period ended 30 July 2019, respectively; and

- titanium concentrates were approximately 109.5 Kt and 106.4 Kt for the period ended 30 July 2019, respectively.

The Group recorded slightly lower gross profit of approximately RMB118.5 million for FY2019 as compared to FY2018 despite higher gross profit margin of approximately 12.8% for FY2019 which was mainly attributable to higher average unit selling price of high-grade iron concentrates. Administrative expenses fell by 38.8% to RMB72.4 million as the Group has ceased to recognise the financial results of the Discontinued Operations from the date of Completion onwards. A one-off net gain on disposal of the Disposal Group amounting to RMB153.0 million was recorded upon the Completion.

Given the above, the Group recorded Net Profit of RMB69.2 million for FY2019 reversing a Net Loss of RMB444.0 million for FY2018.

Overview of Mines

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

Continuing Operations – High Fe Mines and Shigou Gypsum Mine

Mine	**Processing Plant**	**Status as at 31 December 2019**
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	Optimising development and mining plans according to trial production results

Discontinued Operations – Low Fe Mines and Inactive Mines (Disposal completed on 30 July 2019)

Mine	Processing Plant	Status as at 30 July 2019
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
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
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)

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		
	FY2019	FY2018	Change	**FY2019**	FY2018	Change
	(Kt)	*(Kt)*	*%*	***(Kt)***	*(Kt)*	*%*
(i) Trading Sales						
Steels	120.5	59.6	102.2	**120.5**	66.0	82.6
Coals	6.5	248.1	(97.4)	**6.5**	254.1	(97.4)
	127.0	307.7	(58.7)	**127.0**	320.1	(60.3)

	Production volume (Dry basis)			Sales volume (Dry basis)		
	FY2019	FY2018	Change	**FY2019**	FY2018	Change
	(Kt)	*(Kt)*	*%*	***(Kt)***	*(Kt)*	*%*
(ii) Sale of Self-produced Products						
(a) Continuing Operations						
High-grade iron concentrates						
Maoling Processing Plant	99.2	105.2	(5.7)	**91.6**	105.2	(12.9)
(b) Discontinued Operations						
Low-grade iron concentrates						
Xiushuihe Processing Plant	257.3	528.6	(51.3)	**259.2**	482.7	(46.3)
Hailong Processing Plant	144.6	290.6	(50.2)	**–**	–	
Baicao Processing Plant	256.6	292.2	(12.2)	**385.8**	637.0	(39.4)
	401.2	582.8	(31.2)	**385.8**	637.0	(39.4)
Total volume	658.5	1,111.4	(40.8)	**645.0**	1,119.7	(42.4)
Titanium concentrates						
Baicao Processing Plant	76.9	68.8	11.8	**69.0**	75.4	(8.5)
Xiushuihe Processing Plant	32.6	19.4	(68.0)	**37.4**	18.3	104.5
Total volume	109.5	88.2	24.1	**106.4**	93.7	13.6

Risks and Uncertainties

The Chairman shared his views in his Chairman's statement under "Outlook and Strategies" in which he discussed certain risks and uncertainties faced by the Group and many other industries in the current business environment. The Chairman mentioned the unpredictability of the current business environment, raised concerns on the impact of the coronavirus (COVID-19) outbreak on operations (as a result of the travel bans, delayed return of workforces, production suspension and supply chain disruptions), gave certain assumptions on which production capacity could recover and highlighted the risk of recession ahead.

The management concurs with the Chairman's views and specifically highlighted the following risks and uncertainties in the market conditions, which require close observation:

- learning curve arising from resumption of the Maoling Mine operations;
- short-term working capital strain given the prolonged effects of the unprecedented production suspension;
- additional time and efforts may be taken in negotiating with financial institutions, including refinancing structure and/or commercially acceptable terms;
- changes in laws, regulations and policies arising amid containment of the outbreak of the coronavirus (COVID-19) may adversely affect our business operations;
- deviation from business and operational plans, including resources allocation;
- delay in implementation of transformational strategies; and
- fears and negative market sentiment could result in lower value-in-use, lower future economic benefits to be derived by the cash-generating-units and thus potentially higher impairment.

FINANCIAL REVIEW

Note: The disposal of Low Fe Mines and Inactive Mines (Disposal Group) was completed on 30 July 2019. As such, the results of Disposal Group for FY2019 comprised net operating loss of Low Fe Mines and Inactive Mines of RMB83.4 million and the Group realised a gain on Disposal which amounted to RMB153.0 million. The Group has ceased to recognise the financial results of the Low Fe Mines and Inactive Mines from the date of Completion onwards.

	FY2019 *RMB'000*	FY2018 *RMB'000*	Variance *%*
REMAINING GROUP			
Revenue#	**619,403**	692,863	(10.6)
Cost of sales	**(561,195)**	(634,210)	(11.5)
Gross profit	**58,208**	58,653	(0.8)
Other income and gains	**5,922**	602	883.7
Selling and distribution expenses	**(9,194)**	(11,284)	(18.5)
Administrative expenses	**(47,437)**	(34,746)	36.5
Other expenses	**(843)**	(2,256)	(62.6)
Reversal/(provision) of impairment losses, net	**(5,725)**	7,335	(178.1)
Finance costs	**(4,039)**	(8,343)	(51.6)
Operating profit/(loss) before tax from the Remaining Group	**(3,108)**	9,961	(131.2)
Income tax credit/(expense)	**(6,091)**	2,808	(316.9)
Operating profit/(loss) after tax from the Remaining Group	**(9,199)**	12,769	(172.0)
DISPOSAL GROUP			
Loss for the year from the Disposal Group#	**(83,411)**	(462,020)	(81.9)
Net gain on Disposal	**152,997**	–	100.0
	69,586	(462,020)	(115.1)
Profit/(loss) for the year	**60,387**	(449,251)	(113.4)
ATTRIBUTABLE TO:			
Owners of the Company	**69,199**	(443,969)	(115.6)
Non-controlling interests	**(8,812)**	(5,282)	66.8
	60,387	(449,251)	(113.4)
ATTRIBUTABLE TO:			
Owners of the Remaining Group	**(1,889)**	16,527	(111.4)
Non-controlling interests	**(7,310)**	(3,758)	94.5
	(9,199)	12,769	(172.0)
ATTRIBUTABLE TO:			
Owners of the Disposal Group	**71,088**	(460,496)	(115.4)
Non-controlling interests	**(1,502)**	(1,524)	(1.4)
	69,586	(462,020)	(115.1)

Presented at gross of intra-group transactions as if the Disposal had taken place on 1 January 2018 and 2019, respectively.

Revenue

Revenue fell to RMB619.4 million for FY2019 (FY2018: RMB692.9 million), which was mainly attributable to lower trading volume as a result of discretionary change in trading product mix for better margins in response to market demand.

Cost of Sales

Cost of sales primarily comprised of contracting fees for mining and stripping as well as materials, labour, power and other utilities, repair and maintenance, depreciation and amortisation, and trading purchase. Cost of sales fell to RMB561.2 million for FY2019 (FY2018: RMB634.2 million), due primarily to lower sales activities in general.

Gross Profit and Margin

Gross profit sustained at approximately RMB58.2 million for FY2019 (FY2018: RMB58.7 million) despite recorded slightly better gross margin at approximately 9.4% for FY2019 (FY2018: 8.5%) due mainly to surge in price of iron ore after global supply shortages which resulted from extreme climate condition and dam collapse incident in Brazil.

Other Income and Gains

Other income and gains increased to approximately RMB5.9 million for FY2019 (FY2018: RMB0.6 million) due mainly to the waiver in respect of overdue interest previously accrued for the specialised mining services and gain on disposal of machinery.

Selling and Distribution Expenses

Selling and distribution expenses decreased to RMB9.2 million for FY2019 (FY2018: RMB11.3 million) as a result of lower sales activities. The selling and distribution expenses primarily comprised of transportation fees, logistic costs, storage and other related administrative fees.

Administrative Expenses

Administrative expenses increased to RMB47.4 million for FY2019 (FY2018: RMB34.7 million) due mainly to higher environmental compliance cost, staff cost and directors' fee.

Other Expenses

Other expenses decreased to RMB0.8 million for FY2019 (FY2018: RMB2.3 million) due mainly to the absence of one-off expenses during the Reporting Period.

Reversal/(Provision) of Impairment Losses, Net

There was a provision of impairment losses of RMB5.7 million for FY2019 (FY2018: reversal of impairment losses RMB7.3 million) due mainly to recognition of impairment losses on non-current assets as a result of weak market sentiment given increase in risks and uncertainties.

Finance Costs

Finance costs decreased to RMB4.0 million for FY2019 (FY2018: RMB8.3 million) as a result of lower interest rate on refinancing.

Income Tax Credit/(Expense)

Income tax expense increased to RMB6.1 million for FY2019 (FY2018: income tax credit of RMB2.8 million), as a result of higher taxable profit.

Profit/(Loss) Attributable to Owners

Given that the Group recorded a one-off gain on Disposal amounting to RMB153.0 million, the Group recorded Net Profit of RMB69.2 million for FY2019, reversing a Net Loss of RMB444.0 million for FY2018.

Final Dividend

The Board does not recommend the payment of a final dividend for FY2019 (FY2018: Nil).

LIQUIDITY AND CAPITAL RESOURCES

The following table sets out certain information regarding the Group's consolidated statement of cash flows for the year ended 31 December 2019 and 2018:

	FY2019		FY2018	
	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		**33,771**		13,286
Net cash flows from/(used in) operating activities	**(14,056)**		208,217	
Net cash flows from/(used in) investing activities	**27,204**		(138,594)	
Net cash flows used in financing activities	**(16,235)**		(52,770)	
Net increase/(decrease) in cash and cash equivalents		**(3,087)**		16,853
Effect of foreign exchange rate changes, net		**(3,995)**		3,632
Cash and cash equivalents as stated in the consolidated statement of cash flows at end of the year		**26,689**		33,771

Net Cash Flows From/(Used In) Operating Activities

Net cash flows used in operating activities was RMB14.1 million during FY2019 (FY2018: generated from operating activities was RMB208.2 million) after accounting for operating profit before working capital changes of RMB18.2 million incurred largely by the Discontinued Operations (FY2018: RMB73.2 million), negative net working capital changes of RMB31.3 million (FY2018: positive working capital changes RMB135.8 million), interest received of RMB68,000 (FY2018: RMB50,000) and income tax paid of RMB1.0 million (FY2018: RMB0.8 million).

Net Cash Flows From/(Used In) Investing Activities

The Group's net cash flows from investing activities was RMB27.2 million for FY2019 (FY2018: used in investing activities was RMB138.6 million), due primarily to sales proceeds from Disposal amounting to RMB85.0 million which has been further offset by investment in and upgrade of plant and equipment of approximately RMB47.1 million (FY2018: RMB137.3 million) for production.

Net Cash Flows Used In Financing Activities

The Group's net cash flows used in financing activities was RMB16.2 million for FY2019 (FY2018: RMB52.8 million), due primarily to the repayment of bank and other loans, including interest paid during the Reporting Period.

FINANCIAL POSITION

Note: Assets and liabilities of the Disposal Group were classified as held for sale as at 31 December 2018 where the Disposal was completed on 30 July 2019. Details of the Discontinued Operations are set out in note 8 to the financial statements of this announcement.

Analysis of Inventories

The Remaining Group's inventories increased to RMB29.4 million as at 31 December 2019 (FY2018: RMB23.6 million) due mainly to buffer stocks, which were delivered and/or consumed after the Reporting Period.

Analysis of Trade Receivables

The Remaining Group's trade and bills receivables increased to RMB202.5 million as at 31 December 2019 (FY2018: RMB105.2 million) as a result of longer credit term following a significant change in trading product mix. Approximately 15% of these receivables had been collected before the coronavirus (COVID-19) outbreak. Please refer to note 18 to the financial statements for further details.

Assets Classified as Held for Sale

The assets classified as held for sale mainly relate to equipment for specialised mining services which are held for sale, decreased to RMB35.8 million as at 31 December 2019 (FY2018: RMB41.2 million), as a result of lower fair value.

Assets and Liabilities of Disposal Group Classified as Held For Sale

This related to classification of the assets and liabilities of the Disposal Group. Given the Disposal of 100% stake in Huili Caitong, the Group has deconsolidated Huili Caitong and its subsidiaries upon the Completion.

Analysis of Trade and Bills Payables

The Remaining Group's trade and bills payables increased to RMB68.5 million as at 31 December 2019 (FY2018: RMB54.2 million) due mainly to favourable credit terms granted by long-term suppliers.

Analysis of Net Current Assets/(Liabilities) Position

Subsequent to the Completion, the Group recorded net current assets of RMB11.9 million as at 31 December 2019 (FY2018: net current liabilities of RMB10.2 million). The current ratio improved to 1.04 as at 31 December 2019 (FY2018: close to 1.0) following the Completion.

Bank and Other Loans

Total bank and other loans of the Remaining Group were approximately RMB99.2 million as at 31 December 2019 (FY2018: RMB100.8 million). As at 31 December 2019, except for other loans and an unsecured bank loan which were denominated in AUD, all bank loans were denominated in RMB. Details of bank and other loans of the Group are set out in note 24 to the financial statements of this announcement.

Lease Liabilities

The Group started to adopt new IFRS 16 Leases effective from 1 January 2019, which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. As at 31 December 2019, the lease liabilities mainly comprised of office leases.

Contingent Liabilities

As at 31 December 2019, the maximum amount of contingent liabilities of the Company was RMB 730.0 million (i.e. the maximum amount of guarantee under the CVT Guarantees). The CVT Guarantees were provided by the Company prior to the Disposal to guarantee the indebtedness of the Disposal Group owed to certain banks and an asset management and financial services institution in the PRC. Those indebtedness have not been repaid and the CVT Guarantees continued after the Completion. As previously disclosed in the announcement of the Company dated 30 July 2019, the Group's obligations under the CVT Guarantees have been counter-indemnified by Chengyu Vanadium Titano. Save for the above, as at 31 December 2019, the Group did not have any other contingent liabilities.

Pledge of Assets

As at 31 December 2019 the mining right of Maoling Mine was pledged to secure the one-year interest-bearing bank loan of RMB83.8 million granted by Shanghai Pudong Development Bank Chengdu Branch to Aba Mining.

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 2019 (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	123
If RMB weakens against HKD, USD, AUD, SGD and VND	(123)

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 2019 and 2018.

Capital Expenditures

The Group's total capital expenditures increased by RMB7.8 million to RMB110.4 million for FY2019 (FY2018: RMB102.6 million) comprised mainly (i) mining infrastructure; and (ii) land reclamation, in preparation for upgrading production efficiency in the long run.

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 and lease liabilities, net of cash and cash equivalents and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to owners of the Company and non-controlling interests. As at 31 December 2019, gearing ratio was approximately 7.4% (FY2018: 7.0%) following deconsolidation of liabilities of the Disposal Group.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2019, the Group had a total of 184 dedicated full time employees (31 December 2018: 998 employees inclusive of 174 employees from the Remaining Group), including 13 management staff members, 16 technical staff members, 38 administrative and sales & marketing staff members, and 117 operational staff members. For the year ended 31 December 2019, the employee benefit expenses (including Directors' remuneration in the form of fees, salaries and other allowances) were approximately RMB69.6 million, inclusive of RMB35.7 million pertaining to the Remaining Group (FY2018: RMB103.2 million, inclusive of RMB27.0 million pertaining to the Remaining Group).

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

The Disposal

On 29 January 2019, Sichuan Lingyu entered into a sales and purchase agreement in respect of the Disposal with Chengyu Vanadium Titano at a consideration of RMB550.0 million and the independent Shareholders approved the Disposal at the 2019 EGM. Upon the Completion, the Disposal Group (i) ceased to be the subsidiaries of the Company and (ii) has since become the subsidiaries of Chengyu Vanadium Titano.

As the Relevant Substantial Shareholders collectively hold more than 30% equity interests in Chengyu Vanadium Titano, which in turn becomes the holding company of the Disposal Group immediately upon the Completion, each of the Disposal Group Companies becomes a connected person of the Company. Accordingly, after the Completion, certain existing ongoing transactions between the Group and the Disposal Group have become continuing connected transactions of the Company and the Company will comply with the annual review and disclosure requirements in respect of the continuing connected transactions under the Listing Rules.

Please refer to the Company's announcements dated 29 January 2019 and 30 July 2019 and the circular of the Company dated 10 June 2019 for details.

The Disruption of Operations of the Maoling Mine in Wenchuan County Due to Natural Disasters

On 20 August 2019, a series of multiple mudslides (the "Mudslides") following heavy rainfall struck the Wenchuan County, Aba Prefecture, Sichuan Province (the "Wenchuan County") which caused road closures and major disruptions to telecommunication, water, electricity and material supply in the affected regions.

The Mudslides and the torrential rainfall caused major disruptions to the Group's operations at the Maoling Mine, which is located in the Wenchuan County. The Department of Emergency Management of Sichuan Province initiated several rounds of evacuation. The Group also evacuated its employees working at or near the Maoling Mine for safety reasons and temporarily suspended the operations of the Maoling Mine.

On 11 October 2019, the Group progressively resumed its operations at the Maoling Mine after close to 2 months of suspension.

Based on the technical assessment conducted by the Group, the rain-triggered disasters had not resulted in any material damage to the Group's assets at the Maoling Mine.

Please refer to the Company's announcements dated 23 August 2019, 18 September 2019 and 11 October 2019 for details.

Outbreak of Novel Coronavirus (COVID-19) Epidemic (the "Epidemic") Subsequent to the Reporting Period

Due to the coronavirus (COVID-19) outbreak in the PRC subsequent to the Reporting Period, a number of provinces and municipalities in the PRC have taken various emergency public health measures and actions to contain the spread of the Epidemic, including, among other things, travel restrictions on numerous cities in Hubei Province and Zhejiang Province, which are severely infected areas. As a significant portion of the site workers who carry out underground operations at the Maoling Mine (who are employees of the Group's contractor) were unable to return to work after the Chinese New Year holidays as scheduled due to travel restrictions, resumption of production in Maoling Mine has been delayed.

The Group will continue to perform its risk assessment and monitor the situation closely until the Epidemic is gradually contained. It will progressively prepare for the resumption of the operations at the Maoling Mine (the "Resumption"). The Group has submitted a resumption plan to the Economic Business and Information Bureau of Wenchuan County for review and assessment seeking its approval for the Resumption.

While the circumstances of the Epidemic are evolving rapidly, an estimate of its financial impact to the Group at the current stage may not be appropriate as it may be subject to material changes in time to come. However it is reasonably expected that the Epidemic will likely to have adverse effects on the Group's operations and financial performance in the event that the Group's production at the Maoling Mine is not resumed as planned and scheduled.

Please refer to the Company's announcements dated 7 February 2020 and 9 March 2020 for details.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 11 June 2020 to Tuesday, 16 June 2020 (both days inclusive) during which no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the 2020 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, 10 June 2020.

EXTRACT OF CHAIRMAN'S STATEMENT

The following "Outlook and Strategies" is extracted from the Chairman's statement as written by the Chairman:

"Outlook and Strategies

I have absolutely no exceptional skill except for a rough guess in this madly unpredictable environment and we are facing acute uncertainty at this moment when things will vary in acceleration if amplified by fears and falling confidence.

We had previously highlighted that the epidemic has adversely affected the overall market sentiment, caused short-term uncertainty and posed significant downside risks on the pace of demand recovery given the travel bans, delayed workforces return, production suspension and supply chain disruptions. These are bad news and so, things do not seem to bode well for the first quarter of 2020 or potentially, could even bear upon us beyond this period. Like many other businesses, we are monitoring the current situations very closely.

Many factories expect to see their overall capacity far from optimal upon operational over the next few quarters and some could even be struggling to get their production up to speed. In this context, it is expedient for us not to think of overzealous plans but to simply mitigate learning curve effects and stabilise our output once production resumes – productivity recovery remains our key priority. In doing so, we have made certain key underlying assumptions, empirically and theoretically, that this epidemic will only cause a short-term market slowdown which will not significantly alter the fundamental of the economic growth in China over a longer term. If this guided framework works, we hope to recoup a significant part of our production capacity loss in second half of 2020 but if this theory fails, our financial results for the financial year ending 31 December 2020 will be adversely affected.

That said, the pace of such estimated recovery will depend largely on the scenarios for and situations of the coronavirus (COVID-19) outbreak containments on which the outcomes are still uncertain. If factories could resume as planned and scheduled, we will have to monitor factory productivity very closely and manage potential supply chain issues from time to time which are expected to arise from raw materials shortage, manpower re-organisation and logistical hurdles. Against this backdrop, we are definitely not in the mood of seeking acquisitional growth as the mining sector gains little traction in meeting returns expectation which comes with a big valuation gap. From our perspective, we have limited resources to pursue such opportunistic swoops for mining assets as well.

At the macro level, I believe in the next few weeks (or sooner), we will see a growing number of downward adjustments to the global economic forecasts (definitely not those crude vital statistics) making clear calls for an imminent recession with renewed jitters. Sure enough, our team has been watchful on the heightening fears of such risk. As reiterated, we need to strengthen our execution capabilities, be it in managing our existing operations or seeking transformational growth initiatives – more so, under the current stressful state while the global economy is facing headwinds structurally and cyclically.

Having said that, I have full confidence in our operational team members, and I believe our pragmatic approach in handling such a situation would gain us confidence in fixing and bringing things back on track in preparation for the recovery kicks.”

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 2019, the Company has complied with the code provisions under the CG Code except for code provisions A.1.3, A.4.1 and A.6.7.

Code provision A.1.3 of the CG Code stipulates that notice of at least 14 days should be given of a regular Board meeting to give all Directors an opportunity to attend. During the Reporting Period, a regular Board meeting was convened with less than 14 days’ notice to enable the Directors to react timely and make expeditious decisions in respect of the operations and internal affairs of the Group. As a result, the relevant Board meeting was held with a shorter notice period than required with the consent of all the Directors. The Board meeting was nevertheless duly convened and held in accordance with the Articles. The Board will use its best endeavours to comply with code provision A.1.3 of the CG Code in the future.

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 Wing Kwan’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 generally attend general meetings and develop a balanced understanding of the views of the Shareholders. Mr. Yu Haizong and Mr. Wu Wen did not attend the annual general meeting held on 19 June 2019 due to other business commitments.

Save as disclosed above, the Directors are not aware of any other information that reasonably reveals that there is any non-compliance with or deviation from applicable code provisions on corporate governance practices set out in Appendix 14 to the Listing Rules by the Company anytime during the Reporting Period.

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

Throughout the year ended 31 December 2019, 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 2019 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 2019.

GLOSSARY

"2019 EGM"	the Shareholders' extraordinary general meeting held on 28 June 2019
"2020 AGM"	the Shareholders' annual general meeting to be held on 16 June 2020
"Aba Mining"	Aba Mining Co., Ltd.*, a limited liability company established in the PRC on 27 February 2004 and an indirect wholly-owned subsidiary of the Company
"Aba Prefecture"	Aba Tibetan and Qiang Autonomous Prefecture
"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"	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
"Chairman"	the chairman of the Board

“Chengyu Vanadium Titano”	Chengyu Vanadium Titano Technology Ltd.*, formerly known as Weiyuan Steel Co., Ltd.*, 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
“Company”, “we” or “us”	China Vanadium Titano-Magnetite Mining Company Limited, a limited liability company incorporated in the Cayman Islands on 28 April 2008
“Completion”	completion of the Disposal of the Disposal Group on 30 July 2019
“Cizhuqing Mine”	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.
“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
"CVT Guarantees"	guarantees given by the Company in favour of the Disposal Group guaranteeing, inter alia, the indebtedness owing by the Disposal Group Companies to certain banks and an asset management and financial services institution in the PRC with maximum guaranteed amount of RMB730.0 million
“Director(s)”	director(s) of the Company
“Discontinued Operations”	operations of the Disposal Group
“Disposal”	the sale transaction of the Disposal Group to Chengyu Vanadium Titano which was entered into on 29 January 2019 and completed on 30 July 2019
“Disposal Group”	Huili Caitong and its subsidiaries, namely Xiushuihe Mining and Panzhihua Yixingda
"Disposal Group Company(ies)"	any company(ies) in the Disposal Group

"Fe"	chemical symbol of iron element
"FY2018"	financial year ended and/or as at 31 December 2018
"FY2019"	financial year ended and/or as at 31 December 2019
"Group"	the Company and its subsidiaries
"Haibaodang Mine"	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.*, established in the PRC on 7 July 1998 and has been a foreign equity joint venture in the PRC since 29 December 2010, an indirect wholly-owned subsidiary of the Company till 30 July 2019
"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
"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"	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"	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
"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.*, a limited liability company established in the PRC on 9 July 2009 and an indirect wholly-owned subsidiary of the Company till 30 July 2019
"Relevant Substantial Shareholders"	Mr. Wang Jin, Mr. Shi Yinjun, Mr. Zhang Yuangui and Mr. Li Hesheng, parties acting in concert and some of the substantial Shareholders
"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 2019
"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.*, 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.*, 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 sale 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
"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, a company incorporated in Hong Kong on 19 July 2006 and a controlling shareholder (as defined in the Listing Rules)
"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"	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.*, a limited liability company established in the PRC on 26 June 2007, an indirect subsidiary of the Company that owned 95.0% equity interest through Huili Caitong till 30 July 2019
"Xiushuihe Processing Plant"	the ore processing plant located at the Xiushuihe Mine and operated by Xiushuihe Mining

"Yanglongshan Mine"	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 original Maoling Extended Exploration Area since September 2012
"Yangqueqing Mine"	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 2020

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