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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

For the Reporting Period:

- the Group's revenue was approximately RMB181.1 million for 1H2020 (1H2019: RMB263.7 million);
- the Group recorded lower Net Loss of RMB19.1 million for 1H2020 (1H2019: RMB50.8 million) resulting from the exclusion of the loss-making Discontinued Operations, which had been disposed of on 30 July 2019, despite higher operating and impairment losses for its specialised mining services business as a result of significant adverse changes in the macro environment;
- given the above, the basic and diluted loss per Share attributable to ordinary equity holders of the Company was approximately RMB0.01 for 1H2020 (1H2019: RMB0.02); and
- the Board does not recommend the payment of an interim dividend for 1H2020 (1H2019: Nil).

The Board hereby announces the unaudited interim condensed financial information of the Group for Reporting Period together with the comparative information for the corresponding period as follows:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
CONTINUING OPERATIONS			
REVENUE	4	**181,143**	263,687
Cost of sales		**(167,176)**	(245,029)
Gross profit		**13,967**	18,658
Other income and gains	5	**1,955**	3,332
Selling and distribution expenses		**(2,697)**	(3,833)
Administrative expenses		**(20,501)**	(19,788)
Other expenses		**(1,429)**	(120)
Impairment losses on assets held for sale	7	**(1,601)**	–
Impairment losses on property, plant and equipment	7	**(11,468)**	–
Impairment losses on right-of-use assets	7	**(390)**	–
Impairment losses on other intangible asset	7	**(129)**	–
Reversal of/(provision for) impairment losses on trade receivables, net	7	**(428)**	13,052
Reversal of impairment losses on financial assets included in prepayments, other receivables and other assets, net	7	**–**	10
Finance costs	6	**(2,504)**	(2,006)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	7	**(25,225)**	9,305
Income tax credit/(expense)	8	**2,633**	(3,353)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(22,592)**	5,952
DISCONTINUED OPERATIONS			
Loss for the period from Discontinued Operations		**–**	(58,530)
LOSS FOR THE PERIOD		**(22,592)**	(52,578)

	Notes	For the six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**467**	295
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(22,125)**	(52,283)
Loss attributable to:			
Owners of the Company		**(19,115)**	(50,829)
Non-controlling interests		**(3,477)**	(1,749)
		(22,592)	(52,578)
Total comprehensive loss attributable to:			
Owners of the Company		**(18,737)**	(50,590)
Non-controlling interests		**(3,388)**	(1,693)
		(22,125)	(52,283)
EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted			
– For loss for the period	*9*	**RMB(0.01)**	RMB(0.02)
– For profit/(loss) from Continuing Operations	*9*	**RMB(0.01)**	RMB0.00

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Notes	**30 June 2020** *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**175,659**	190,849
Right-of-use assets	*11(a)*	**9,062**	3,178
Intangible assets	*10*	**736,352**	736,666
Other intangible asset	*10*	**–**	137
Prepayments, other receivables and other assets	*12*	**1,104**	1,125
Deferred tax assets	*13*	**15,950**	12,783
Total non-current assets		**938,127**	944,738
CURRENT ASSETS			
Inventories		**30,263**	29,418
Trade and bills receivables	*14*	**139,773**	202,544
Prepayments, other receivables and other assets	*12*	**84,102**	8,615
Due from related parties		**4,343**	22,096
Pledged deposits		**88**	–
Cash and cash equivalents		**7,232**	26,689
		265,801	289,362
Assets classified as held for sale	*15*	**34,775**	35,832
Total current assets		**300,576**	325,194
CURRENT LIABILITIES			
Trade and bills payables	*16*	**65,450**	68,463
Contract liabilities	*17*	**5,339**	5,820
Other payables and accruals		**90,964**	88,390
Interest-bearing bank and other loans	*18*	**99,567**	99,247
Due to related parties		**15,844**	40,638
Tax payable		**9,970**	9,435
Lease liabilities	*11(b)*	**4,344**	1,254
Total current liabilities		**291,478**	313,247

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000
NET CURRENT ASSETS		**9,098**	11,947
TOTAL ASSETS LESS CURRENT LIABILITIES		**947,225**	956,685
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	*18*	**613**	–
Provision for rehabilitation		**13,250**	12,847
Lease liabilities	*11(b)*	**5,346**	1,375
Due to related parties		**7,680**	–
Other payables		**847**	849
Total non-current liabilities		**27,736**	15,071
Net assets		**919,489**	941,614
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*19*	**197,889**	197,889
Reserves		**428,114**	446,851
		626,003	644,740
Non-controlling interests		**293,486**	296,874
Total equity		**919,489**	941,614

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

For the six months ended 30 June 2020

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 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 702 (Reception) and 11th Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong.

During the six months ended 30 June 2020 (the "Reporting Period"), the Group was principally engaged in the following principal activities:

- mining and ore processing
- sale of self-produced products
- trading of 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 ultimate holding company of the Company.

2.1 BASIS OF PREPARATION

The interim condensed financial information for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The interim condensed financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised standards, interpretations and amendments to a number of International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board for the first time for the current period's financial information.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendments to IFRS 16	*COVID-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and impact of the revised IFRSs are described below:

(a) 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 has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(b) 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 did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(c) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Coronavirus Disease 2019 ("COVID-19") pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

    During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB21,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and the corresponding right-of-use assets for the period ended 30 June 2020.

(d) 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. The amendments did not have any impact on the Group's interim condensed financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and products and has four (six months ended 30 June 2019: four; year ended 31 December 2019: four) reportable operating segments as follows:

(a) the high-Fe mining operations 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 and consultancy 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 operations. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income, other expenses and non-lease-related finance costs are excluded from such measurement.

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

Segment liabilities exclude interest-bearing bank and other loans 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.

Six months ended 30 June 2020

	High-Fe mining operations *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segment revenue *(note 4)*					
Sales to external customer	**25,587**	**119,282**	**36,274**	**–**	**181,143**
Intersegment sales	**–**	**–**	**990**	**774**	**1,764**
	25,587	**119,282**	**37,264**	**774**	**182,907**
Reconciliation:					
Elimination of intersegment sales					**(1,764)**
Revenue from Continuing Operations					**181,143**
Segment results	**330**	**1,952**	**(17,902)**	**(7,812)**	**(23,432)**
Reconciliation:					
Other income and gains					**1,955**
Other expense					**(1,429)**
Finance costs (other than interest on lease liabilities)					**(2,319)**
Loss before tax from Continuing Operations					**(25,225)**
Other segment information					
Impairment losses on trade receivables, net *(note 14)*	**72**	**235**	**121**	**–**	**428**
Impairment losses on assets held for sale	**–**	**–**	**1,601**	**–**	**1,601**
Impairment losses on property, plant and equipment *(note 10)*	**–**	**–**	**11,468**	**–**	**11,468**
Impairment losses on right-of-use assets *(note 11(a))*	**–**	**–**	**390**	**–**	**390**
Impairment losses on other intangible asset *(note 10)*	**–**	**–**	**129**	**–**	**129**
Depreciation and amortisation *(note 7)*	**4,562**	**3**	**2,608**	**518**	**7,691**
Capital expenditure#	**1,998**	**–**	**2,074**	**215**	**4,287**

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

As at 30 June 2020

	High-Fe mining operations *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segment assets	**357,592**	**209,755**	**106,945**	**4,594,979**	**5,269,271**
Reconciliation:					
Elimination of intersegment receivables					**(4,053,838)**
Deferred tax assets					**15,950**
Pledged deposits					**88**
Cash and cash equivalents					**7,232**
Total assets					**1,238,703**
Segment liabilities	**261,556**	**190,344**	**103,624**	**3,715,256**	**4,270,780**
Reconciliation:					
Elimination of intersegment payables					**(4,061,716)**
Interest-bearing bank and other loans					**100,180**
Tax payable					**9,970**
Total liabilities					**319,214**

Six months ended 30 June 2019

	High-Fe mining operations *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segment revenue *(note 4)*					
Sales to external customer	31,308	192,332	40,047	–	263,687
Intersegment sales	4,057	–	1,000	570	5,627
	35,365	192,332	41,047	570	269,314
Reconciliation:					
Elimination of intersegment sales					(5,627)
Revenue from Continuing Operations					263,687
Segment results	453	16,125	(4,114)	(4,365)	8,099
Reconciliation:					
Other income and gains					3,332
Other expense					(120)
Finance costs					(2,006)
Profit before tax from Continuing Operations					9,305
Other segment information					
Reversal of impairment losses on trade receivables, net *(note 7)*	(3)	(13,049)	–	–	(13,052)
Reversal of impairment losses on financial assets included in prepayments, other receivables and other assets, net *(note 7)*	(10)	–	–	–	(10)
Depreciation and amortisation *(note 7)*	4,527	4	2,397	294	7,222
Capital expenditure#	9,142	–	76	3,864	13,082

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

As at 31 December 2019

	High-Fe mining operations *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
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

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June			
	2020		2019	
	RMB'000 **(Unaudited)**	***%***	*RMB'000* (Unaudited)	*%*
Revenue from contracts with customers				
Sale of industrial products:				
High-grade iron concentrates	**21,530**	**11.9**	31,308	11.9
Coals	**–**	**–**	6,352	2.4
Steels	**119,282**	**65.8**	185,980	70.5
Rendering of specialised mining services	**36,274**	**20.1**	40,047	15.2
Rendering of consultancy and management services	**4,057**	**2.2**	–	–
	181,143	**100.0**	263,687	100.0

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2020

	High-Fe mining operations *RMB'000*	**Trading** *RMB'000*	**Specialised mining services** *RMB'000*	**Corporate and others** *RMB'000*	**Total** *RMB'000*
Segments					
Types of goods or services					
High-grade iron concentrates	**21,530**	**–**	**–**	**–**	**21,530**
Trading of steels	**–**	**119,282**	**–**	**–**	**119,282**
Rendering of specialised mining services	**–**	**–**	**36,274**	**–**	**36,274**
Rendering of consultancy and management services	**4,057**	**–**	**–**	**–**	**4,057**
Total revenue from contracts with customers	**25,587**	**119,282**	**36,274**	**–**	**181,143**
Geographical markets					
Mainland China	**25,587**	**119,282**	**–**	**–**	**144,869**
Australia	**–**	**–**	**36,274**	**–**	**36,274**
Total revenue from contracts with customers	**25,587**	**119,282**	**36,274**	**–**	**181,143**
Time of revenue recognition					
Goods transferred at a point in time	**21,530**	**119,282**	**–**	**–**	**140,812**
Services transferred over time	**4,057**	**–**	**36,274**	**–**	**40,331**
Total revenue from contracts with customers	**25,587**	**119,282**	**36,274**	**–**	**181,143**

For the six months ended 30 June 2019

	High-Fe mining operations *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segments					
Types of goods or services					
High-grade iron concentrates	31,308	–	–	–	31,308
Trading of coals	–	6,352	–	–	6,352
Trading of steels	–	185,980	–	–	185,980
Rendering of specialised mining services	–	–	40,047	–	40,047
Total revenue from contracts with customers	31,308	192,332	40,047	–	263,687
Geographical markets					
Mainland China	31,308	192,332	–	–	223,640
Australia	–	–	40,047	–	40,047
Total revenue from contracts with customers	31,308	192,332	40,047	–	263,687
Time of revenue recognition					
Goods transferred at a point in time	31,308	192,332	–	–	223,640
Services transferred over time	–	–	40,047	–	40,047
Total revenue from contracts with customers	31,308	192,332	40,047	–	263,687

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

For the six months ended 30 June 2020

	High-Fe mining operations *RMB'000*	**Trading** *RMB'000*	**Specialised mining services** *RMB'000*	**Corporate and others** *RMB'000*	**Total** *RMB'000*
Segments					
Revenue from contracts with customers					
External customers	**25,587**	**119,282**	**36,274**	**–**	**181,143**
Intersegment sales	**–**	**–**	**990**	**774**	**1,764**
	25,587	**119,282**	**37,264**	**774**	**182,907**
Intersegment adjustments and eliminations	**–**	**–**	**(990)**	**(774)**	**(1,764)**
Total revenue from contracts with customers	**25,587**	**119,282**	**36,274**	**–**	**181,143**

For the six months ended 30 June 2019

	High-Fe mining operations *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segments					
Revenue from contracts with customers					
External customers	31,308	192,332	40,047	–	263,687
Intersegment sales	4,057	–	1,000	570	5,627
	35,365	192,332	41,047	570	269,314
Intersegment adjustments and eliminations	(4,057)	–	(1,000)	(570)	(5,627)
Total revenue from contracts with customers	31,308	192,332	40,047	–	263,687

5. OTHER INCOME AND GAINS

An analysis of other income and gains was as follows:

	Notes	**For the six months ended 30 June 2020** *RMB'000* **(Unaudited)**	2019 *RMB'000* (Unaudited)
Other income			
Bank interest income		**9**	42
Compensation income	*(a)*	**1,203**	–
Sale of raw materials		**621**	3
Remission of general interest charge	*(b)*	**–**	2,888
Miscellaneous		**16**	303
		1,849	3,236
Gains			
Gain on disposal of property, plant and equipment		**106**	96
Total other income and gains		**1,955**	3,332

Notes:

(a) Compensation income from a third party service provider due to act of negligence.

(b) Remission of general interest charge from Australia Tax Office upon settlement of payables.

6. FINANCE COSTS

	For the six months ended 30 June 2020 *RMB'000* **(Unaudited)**	2019 *RMB'000* (Unaudited)
Interest on bank and other loans	**1,876**	1,897
Interest on lease liabilities *(note 11(b))*	**185**	46
Interest on discounted bills receivable *(note 14)*	**40**	–
Unwinding of discount on provision	**403**	63
	2,504	2,006

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

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

		For the six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of inventories sold		**135,354**	211,493
Cost of services rendered		**31,822**	33,536
Employee benefit expense (including Directors' remuneration and chief executive's remuneration)		**11,747**	15,638
Depreciation of property, plant and equipment	*10*	**5,611**	6,053
Depreciation of right-of-use assets	*11(a)*	**1,758**	386
Amortisation of intangible assets	*10*	**314**	362
Amortisation of other intangible asset	*10*	**8**	421
Depreciation and amortisation expenses		**7,691**	7,222
Provision for/(reversal of) recognised on:			
Property, plant and equipment	*10*	**11,468**	–
Right-of-use assets	*11(a)*	**390**	–
Other intangible asset	*10*	**129**	–
Assets classified as held for sale		**1,601**	–
Trade receivables	*14*	**428**	(13,052)
Financial assets included in prepayments, other receivables and other assets		**–**	(10)
Total provision for/(reversal of) impairment losses, net		**14,016**	(13,062)
Lease payments not included in the measurement of lease liabilities	*11(c)*	**738**	658
Auditor's remuneration		**600**	120
Foreign exchange gains, net		**(514)**	(696)

8. INCOME TAX CREDIT/(EXPENSE)

All subsidiaries domiciled in the PRC are subject to the PRC corporate income tax rate of 25% during the Reporting Period. 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 Reporting Period. Pursuant to the income tax rules and regulations in Singapore, the Group's subsidiary located in Singapore is liable to Singapore corporate income tax at a rate of 17% on the assessable profits generated for the Reporting Period.

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Continuing Operations	**534**	680
Deferred – Continuing Operations	**(3,167)**	2,673
Deferred – Discontinued Operations	**–**	522
	(2,633)	3,875
Total tax charge for the period from Continuing Operations	**(2,633)**	3,353
Total tax charge for the period from Discontinued Operations	**–**	522
	(2,633)	3,875

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of loss per Share is based on the loss attributable to owners of the Company for the Reporting Period of RMB19,115,000 (six months ended 30 June 2019: RMB50,829,000), and the weighted average number of Shares of 2,249,015,410 (six months ended 30 June 2019: 2,249,015,410) in issue for the Reporting Period.

No adjustment has been made to the basic earnings per Share amounts presented for each of the six months ended 30 June 2019 and 2020 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 each of the six months ended 30 June 2019 and 2020.

10. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND OTHER INTANGIBLE ASSET

Movements in property, plant and equipment, intangible assets, other intangible asset and right-of-use assets during the Reporting Period are as follows:

	Property, plant and equipment *RMB'000* (Unaudited) *(note (b))*	**Intangible assets** *RMB'000* (Unaudited) *(note (a))*	**Other intangible asset** *RMB'000* (Unaudited) *(note (b))*
Carrying amount at 1 January 2020	190,849	736,666	137
Additions	4,287	–	–
Depreciation/amortisation charged for the period *(note 7)*	(5,611)	(314)	(8)
Disposals	(2,244)	–	–
Impairment recognised during the period *(note 7)*	(11,468)	–	(129)
Exchange realignment	(154)	–	–
Carrying amount at 30 June 2020	175,659	736,352	–

Notes:

(a) As at 30 June 2020, the mining rights of Maoling Mine with a net carrying amount of RMB20,652,000 (31 December 2019: RMB20,966,000) were pledged to secure the Group's bank loans.

(b) Other intangible asset represented brand name with a net carrying amount of Nil (31 December 2019: RMB137,000) recognised arising from the acquisition of Mancala Holdings Limited.

For the purpose of impairment assessment, Specialised Mining Services cash generating unit ("CGU") (comprising the property, plant and equipment, the right-of-use assets of Mancala Holdings Limited and its subsidiaries ("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 value in use ("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 period of nineteen and a half years approved by management with pre-tax discount rate of 15.02%. The cash flows beyond a period of two and a half years were extrapolated using a growth rate of 2.58%, 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 and carrying amount as at 30 June 2020 and impairment provision for the six months ended 30 June 2020 are as follows:

	Recoverable amount *RMB'000*	**Carrying amount** *RMB'000*	**Impairment provision** *RMB'000*
Specialised Mining Services CGU	27,176	39,163	11,987

An impairment loss of RMB11,468,000 (note 10), RMB129,000 (note 10) and RMB390,000 (note 11(a)) (six months ended 30 June 2019: Nil, Nil and Nil) were recognised during the six months ended 30 June 2020 to write down the carrying amount of property, plant and equipment, other intangible asset and right-of-use assets as at 30 June 2020.

The impairment losses arising from the Specialised Mining Services CGU 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.

11. LEASES

The Group as a lessee

The Group has lease contracts for office premises and various plant and machinery used in its operations. During the Reporting Period, the Group entered into certain long-term lease contracts for plant and machinery. 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. Leases of plant and machinery generally have lease term of 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the Reporting Period are as follows:

	Office premises *RMB'000*	**Plant and machinery** *RMB'000*	**Total** *RMB'000*
As at 1 January 2020	2,725	453	3,178
Additions	–	8,066	8,066
Decrease as a result of COVID-19-related rent concessions	(21)	–	(21)
Depreciation charged *(note 7)*	(795)	(963)	(1,758)
Impairment recognised during the period *(note 7)*	(390)	–	(390)
Exchange realignment	–	(13)	(13)
As at 30 June 2020	1,519	7,543	9,062

(b) ***Lease liabilities***

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

	RMB'000
Carrying amount at 1 January 2020	2,629
New leases	8,066
Derecognised as a result of COVID-19-related rent concessions	(21)
Accretion of interest recognised during the period *(note 6)*	185
Payments	(1,169)
Carrying amount at 30 June 2020	9,690
Analysed into:	
Current portion	4,344
Non-current portion	5,346

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

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

	Six months ended 30 June 2020 ***RMB'000***
Interest on lease liabilities *(note 6)*	**185**
Depreciation charge of right-of-use assets	**1,758**
Expense relating to short-term leases and the leases with remaining lease terms ended on or before 30 June 2020 (included in administrative expenses) *(note 7)*	**738**
Total amount recognised in profit or loss	**2,681**

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2020 *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000*
Current portion:		
Prepayments consisting of:		
Purchase of raw materials and services	**71,929**	222
Utilities	**266**	–
Prepayment for the use right of a road	**47**	47
Other prepayments	**1,149**	2,920
Other receivables consisting of:		
Deductible value added tax input	**2,496**	2,784
Other receivables	**8,821**	3,248
	84,708	9,221
Impairment allowance	**(606)**	(606)
	84,102	8,615
Non-current portion:		
Prepayment for the use right of a road	**564**	585
Long-term deposits	**540**	540
	1,104	1,125
	85,206	9,740

13. DEFERRED TAX ASSETS

The movements in deferred tax assets during the six months ended 30 June 2019 and 2020 are as follows:

	Losses available for offsetting against taxable profits *RMB'000*	Excess tax depreciation over book value of fixed assets *RMB'000*	Provision for rehabilitation *RMB'000*	Provision for impairment *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2019	8,188	5,978	408	2,289	738	17,601
Deferred tax credited/(charged) to profit or loss during the period	(2,662)	(23)	16	–	(4)	(2,673)
Deferred tax assets at 30 June 2019 (unaudited)	5,526	5,955	424	2,289	734	14,928
At 1 January 2020	**3,799**	**5,640**	**331**	**2,275**	**738**	**12,783**
Deferred tax credited/(charged) to profit or loss during the period	**3,144**	**(130)**	**144**	**9**	**–**	**3,167**
Deferred tax assets at 30 June 2020 (unaudited)	**6,943**	**5,510**	**475**	**2,284**	**738**	**15,950**

As at 30 June 2020, the Group had tax losses arising from Mainland China of RMB1,083,709,000 (31 December 2019: RMB1,081,481,000) that would expire in one to five years and deductible temporary differences of RMB121,117,000 (31 December 2019: RMB120,883,000) 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 the tax losses and deductible temporary differences can be utilised.

14. TRADE AND BILLS RECEIVABLES

	30 June 2020 ***RMB'000*** **(Unaudited)**	31 December 2019 *RMB'000*
Trade receivables	**137,864**	215,357
Impairment	**(13,241)**	(12,813)
Trade receivables, net of impairment	**124,623**	202,544
Bills receivable	**15,150**	–
	139,773	202,544

The Group's trading terms with its customers are mainly on credit. During the Reporting Period, the Group granted credit terms ranging from six to nine months to its customers for sale of self-produced products given 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:

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	
Within 3 months	**98,280**	173,543
3 to 6 months	**24,285**	28,844
6 to 9 months	**2,058**	157
	124,623	202,544

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

	RMB'000
As at 1 January 2019	21,657
Reversal of impairment losses, net	(8,844)
As at 31 December 2019	12,813
As at 1 January 2020	12,813
Provision of impairment losses, net *(note 7)*	428
As at 30 June 2020 (unaudited)	13,241

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.

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

As at 30 June 2020

	Current	**Past due**	**Total**
Expected credit loss rate	**5.4%**	**100%**	
Gross carrying amount *(RMB'000)*	**130,660**	**7,204**	**137,864**
Settlement subsequently *(RMB'000)*	**(18,876)**	**–**	**(18,876)**
Carrying amount subject to credit risk exposure *(RMB'000)*	**111,784**	**7,204**	**118,988**
Expected credit losses *(RMB'000)*	**6,037**	**7,204**	**13,241**

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 30 June 2020, 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 RMB169,461,000 (31 December 2019: RMB218,863,000); as at 30 June 2020, the Group discounted bills receivable of RMB3,000,000 (31 December 2019: Nil) (collectively referred to as the "Derecognised Bills"). The Derecognised Bills had a maturity of two 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 equals to their carrying 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 Reporting Period, the interest expense of RMB40,000 recognised on discounted bills receivable (six months ended 30 June 2019: Nil) (note 6). No gains or losses were recognised from the Continuing Involvement, both during the Reporting Period or cumulatively. The endorsement and discount have been made evenly throughout the Reporting Period.

15. ASSETS CLASSIFIED AS HELD FOR SALE

Non-recurring fair value measurements:

	30 June 2020 *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000*
Unutilised fixed assets for mining service	**34,775**	35,832

The balances as at 31 December 2019 and 30 June 2020 represented the fair value less cost to sell of assets held for sale, which comprised part of plant and equipment of Mancala Holdings Pty Ltd, which would not be utilised in current operation.

The non-recurring fair value measurement for assets classified as held for sale was considered to be Level 2 as at 30 June 2020 (31 December 2019: Level 2), as it was derived from quoted prices in markets that were not active.

16. 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:

	30 June 2020 *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000*
Within 180 days	**37,357**	60,495
181 to 365 days	**19,233**	3,283
1 to 2 years	**4,868**	696
2 to 3 years	**32**	24
Over 3 years	**3,960**	3,965
	65,450	68,463

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

17. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2019 and 30 June 2020. The balance of contract liabilities is expected to be recovered/settled within one year.

Movement in the contract liabilities balances during the Reporting Period is as follows:

	RMB'000
Carrying amount at 1 January 2020	5,820
Revenue recognised during the Reporting Period	(5,820)
Consideration received from customers, excluding amounts recognised as revenue during the Reporting Period	5,339
Carrying amount at 30 June 2020	5,339

18. INTEREST-BEARING BANK AND OTHER LOANS

	Notes	**30 June 2020** ***RMB'000*** **(Unaudited)**	31 December 2019 *RMB'000*
Bank loans – Secured	*(a)*	**83,770**	83,770
Bank loans – Unsecured	*(b)*	**–**	179
Other loans – Unsecured	*(c)*	**16,410**	15,298
		100,180	99,247
Current		**(99,567)**	(99,247)
Non-current		**613**	–
Analysed into:			
Bank loans repayable:			
Within one year or on demand		**83,770**	83,949
Unsecured other loans repayable:			
Within one year or on demand		**15,797**	15,298
In the second year		**613**	–
		16,410	15,298
		100,180	99,247

Notes:

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

	30 June 2020 *RMB'000* **(Amount of bank loans)**	31 December 2019 *RMB'000* (Amount of bank loans)
Mining rights of Maoling Mine	**83,770**	83,770

(b) The balance as at 31 December 2019 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) The balance represented an interest-free loan with an amount of RMB15,298,000 (31 December 2019: RMB15,298,000) granted by Sapphire Corporation Limited, a non-controlling shareholder of Mancala Holdings Limited, to Mancala Holdings Pty Ltd. The loan is unsecured and due for repayment on or before 31 December 2020 and interest-free loans of RMB1,112,000 (31 December 2019: Nil) granted by the third parties, of which RMB499,000 were due within one year and RMB613,000 were due within two years.

As at 31 December 2019 and 30 June 2020, except for the other loans which were denominated in AUD, all bank loans were denominated in RMB.

19. ISSUED CAPITAL

Shares

	30 June 2020 *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000*
Authorised:		
10,000,000,000 Shares of HKD0.1 each	**880,890**	880,890
Issued and fully paid:		
2,249,015,410 (31 December 2019: 2,249,015,410) Shares of HKD0.1 each	**197,889**	197,889

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

	Number of Shares in issue	**Issued capital** *RMB'000*
At 1 January and 30 June 2020	2,249,015,410	197,889

20. DIVIDENDS

At a meeting of the Board held on 27 August 2020, the Directors resolved not to pay an interim dividend for the Reporting Period (six months ended 30 June 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

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

- China did not set a target for its economic growth for 2020 due to unprecedented challenges and uncertainties brought about by the coronavirus disease 2019 ("COVID-19") pandemic;

- while the COVID-19 pandemic and the resulting lockdown measures had significantly impacted the Chinese economy in the first quarter of 2020, resumption of business and industrial activities has picked up the pace since the second quarter, but its sustainability remains to be seen;

- in the first quarter of 2020, compared with the same period in 2019, China's gross domestic product ("GDP") contracted by 6.8%, investment in fixed assets dropped by 16.1%, and mining and manufacturing capacity utilisation fell by 6.0% and 9.1%, respectively;

- the 9.8% quarter-on-quarter negative growth recorded for China's GDP during the first quarter of 2020 was to some extent offset by the gradual recovery in the second quarter. Nevertheless, according to the National Bureau of Statistics of the PRC, China's GDP for 1H2020 dropped by 1.6% year-on-year;

- following the suspension of production activities in January and February 2020 in China, output levels of crude iron ore were just below 75 Mt in March, April, and May 2020. Similarly, after a gradual start for rolled steel output of 98.8 Mt in March 2020, monthly output volume reached a record high of 114.5 Mt in May 2020;

- overcapacity remained a focal point for the industry despite a drop in production volume due to the COVID-19 pandemic. After putting a stop to new steel capacity replacement projects in January 2020, in June 2020, the National Development and Reform Commission of the PRC (the "NDRC"), alongside the Ministry of Industry and Information Technology ("MIIT") and four other PRC ministries issued the "Notice Concerning Properly Undertaking Work for the Dissolution of Excessive Capacity in Key Sectors in 2020"*, which reiterated previous strategies to resolve overcapacity, including the complete elimination of "zombie enterprises", acceleration of high quality development, and strict control of total production volume;

- the NDRC, MIIT, and other PRC ministries also reaffirmed the importance for the steel industry to fully transition to "green development" in the "Main Points for Eliminating Excess Iron and Steel Capacity in 2020"*, which entails constantly raising the proportion of ultra-low emissions and minimising pollutant emissions by steel enterprises;

- meanwhile, the global COVID-19 pandemic has brought devastating effects to the world economy. Consequently, the Worldsteel Association forecast that worldwide steel demand would contract by 6.4% in 2020, while the China Iron and Steel Association anticipated a 1.0% growth in steel demand in China for 2020, mainly driven by infrastructure fixed-asset investments, which is expected to grow by 10% in 2020;

- save for February 2020, China's Purchasing Managers' Index ("PMI") maintained above the threshold of 50.0. The PMI increased from 35.7 in February to 52.0 in March 2020, even when manufacturing and business activities were suspended. As steel-using industries resumed work in April and May 2020, demand for steel rebounded, using up inventory stock and bolstering its price. The PMI for the steel sector consistently recovered from the lowest trough of 36.6 at the end of February 2020, reaching 50.9 at the end of May 2020, and adjusting to 49.3 at the end of June 2020, which is slightly above that of 48.2 a year ago;

- China's steel export for 1H2020 dropped 16.5% year-on-year to 28.7 Mt as it was affected by the shutdown of manufacturing and construction activities in many countries worldwide due to the global COVID-19 pandemic, according to the General Administration of Customs of the PRC. The export volume is expected to further shrink towards the end of 2020;

- the China Iron Ore Price Index ("CIOPI") compiled by the China Iron and Steel Association took a hit at the end of the Chinese New Year holidays in 2020 when it dropped below 300 from the steady level of above 340 throughout January 2020. It stayed within a narrow range of just above 300 for three months until mid-May 2020. By the end of June 2020, it has recovered its pre-pandemic levels, but still a far cry from the historic high of 419.51 in July 2019; and

- in much the same way, the CIOPI for 62% TFe dropped from 96.15 in mid-January 2020 to the year's lowest of 79.8 after the Chinese New Year holidays in 2020, and fluctuated within a small range until early May 2020 when it gained upward momentum.

BUSINESS AND OPERATIONS REVIEW

Market and Strategy Overview

The COVID-19 pandemic, the China-US friction, China-Australia trade dispute and the global geopolitical uncertainty have affected the global economic activities. The recent resurgence of COVID-19 infections have posed unprecedented risks and impacts on various businesses which are already slowing and facing tremendous pressure during this difficult pandemic-hit time. Countries lockdown and travel restrictions have disrupted supply chains, which have led to a collapse in demand and abrupt fall in prices for commodities. The COVID-19 pandemic has severely heightened uncertainty over the global economy. Like many other businesses, the Group's operations in China and Australia have been adversely affected.

It is also rare to see that China did not set any economic growth target for 2020. Given that, the Group has to be realistic in such situations and it is premature now for the Group to be over-optimistic in assuming a sharp recovery in the foreseeable future even when the pandemic has recently shown signs of stabilising in China.

Whilst the Group had previously stated that it hoped to recoup a significant part of capacity loss (due to major production suspension in 1H2020) in its internal production plans in the second half of 2020, the Group has made certain underlying assumptions, empirically and theoretically, that the COVID-19 pandemic will only cause a short-term slowdown which will not significantly affect the fundamentals of the Chinese economic growth over a longer term. The Group however notes that the pace of such recovery, if any, will depend largely on the scenarios and situations of the outbreak containments and the outcomes of which remain largely unknown or uncertain at this stage. On these grounds and given the degree of uncertainty, the Group has deferred its major capital expenditure decisions and delayed its expansion plans for its existing operations. The Group may also need to postpone or slow down its evaluation of major mining services jobs opportunities until the situations improve.

The Group's immediate plans are to focus on optimising its post-resumption capacity utilisation for its High Fe Mines, stabilising its operating cash flows, building up inventories for progressive demand recovery and keeping its operating costs down. It remains relevant for the Group to chart sustainable growth strategies. The Group notes that any sustainable recovery plans, pace and path during this period of time will appear to be long-haul strategies for implementation in a longer term.

Operation and Financial Overview

During the Reporting Period, the Group reported lower revenue, which fell by 32.3% to approximately RMB181.1 million for 1H2020. The Group's operations at the Maoling Mine were suspended for almost 3 months during the Reporting Period (the "Production Suspension") as a result of the COVID-19 pandemic, which led to travel restrictions and supply chain disruptions.

Specifically,

- production volume fell by 22.4% due to the Production Suspension during the COVID-19 pandemic;

- average selling price for high-grade iron concentrates declined by approximately 2.4% due mainly to uncertainty in market demand as affected by the COVID-19 pandemic despite certain recovery at an inconsistent pace;

- trading activities fell as a result of operational suspension over lockdown in cities, travel restrictions and supply chain disruptions amid COVID-19 pandemic. The Group did not trade for almost 2 months as the COVID-19 pandemic has caused disruptions to supply chains. The Group remained cautious to trade as a result of market volatility and uncertainty during the Reporting Period. The Group's overall purchase and sales volumes of trading activities were approximately 37.2 Kt, representing a fall of 35.1% as compared to 1H2019; and

- exclusion of revenues derived from the loss-making Discontinued Operations, which had been disposed of on 30 July 2019.

The Group recorded a lower gross profit of approximately of RMB14.0 million as compared to 1H2019. On a comparable basis, gross profit margin was approximately 7.7% for 1H2020 due mainly to lower operating activities across all business segments for the foregoing reasons. Administrative expenses, comprising mainly staff cost, remained relatively stable at RMB20.5 million as compared to 1H2019, despite payments of redundancy costs and additional overheads arising from Production Suspension in the Reporting Period.

Given the pressing macro-factors mentioned above – COVID-19 pandemic, US-China trade tensions, China-Australia diplomatic tensions have affected the availability of major mining services jobs opportunities in Australia. Global travel restrictions have affected the ability of the mining services team to explore opportunities in other countries. The management of the Group has reassessed the existing value-in-use and/or fair values of equipment held-for-sale and those operating assets more prudently. In addition, as a result of the lower capacity utilisation, slowing demand, weak market conditions and the unprecedented risks relating to the pandemic-hit economic activities, the Group's specialised mining services business recorded higher operating and impairment losses during the Reporting Period.

The Group recorded lower Net Loss for 1H2020 due mainly to the exclusion of the loss-making Discontinued Operations, which had been disposed of on 30 July 2019 despite higher operating and impairment losses for its specialised mining services business. The Group's High Fe Mines and trading business remained profitable but its profitability was however affected by the shorter operating period given the operational suspension in the Reporting Period for the foregoing reasons.

Details of the financial performance of the Group are set out on page 32 of this announcement.

Overview of Mines

Please refer to below tables for the status of the Group's mine operations which are owned and operated by the Group.

Continuing Operations – High Fe Mines and Gypsum Mine

Mines	**Processing Plant**	**Status as at 30 June 2020**
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

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		
	1H2020	1H2019	Change	**1H2020**	1H2019	Change
	(Kt)	*(Kt)*	*%*	***(Kt)***	*(Kt)*	*%*
(i) Trading Sales						
Steels	**37.2**	50.8	(26.8)	**37.2**	50.8	(26.8)
Coals	**N/A**	6.5	N/A	**N/A**	6.5	N/A
	37.2	57.3	(35.1)	**37.2**	57.3	(35.1)

	Production volume (Dry basis)			Sales volume (Dry basis)		
	1H2020	1H2019	Change	**1H2020**	1H2019	Change
	(Kt)	*(Kt)*	*%*	***(Kt)***	*(Kt)*	*%*
(ii) Sale of Self-produced Products						
Ordinary iron concentrates						
Maoling Processing Plant	**31.2**	40.2	(22.4)	**28.4**	40.3	(29.5)

Business Risks and Uncertainties

The Group may face the following risks and uncertainties which may have a material impact on the operations of the Group:

- learning curve arising from the resumption of the Maoling Mine operations after Production Suspension for almost 3 months during the Reporting Period;
- short-term working capital strain given the prolonged effects of the unprecedented production suspension, the need to build up inventories for abrupt surge in orders after production resumed and longer gap between collection and payment cycles;
- additional time and efforts may be taken in negotiating with financial institutions, including refinancing structure on commercially acceptable terms;
- changes in laws, regulations and policies arising amid containment of the COVID-19 outbreak may adversely affect the Group's business operations;
- deviation from business and operational plans, including resources reallocation;
- 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 unprecedented COVID-19 pandemic has affected the economic climate across the world. Hence, with the Production Suspension and cessation of trading business of the Group for almost 2 months in the PRC during the Reporting Period, the financial performance for High Fe Mines and trading business recorded lower profitability for 1H2020 as compared to 1H2019 while the specialised mining services businesses recorded higher operating and impairment losses during the Reporting Period as a result of significant adverse changes in the macro environment. However, the exclusion of the loss-making Discontinued Operations following the Completion has significantly narrowed the Group's losses.

	1H2020	1H2019	Variance
	RMB'000	*RMB'000*	*%*
REMAINING GROUP			
Revenue	**181,143**	267,744#	(32.3)
Cost of sales	**(167,176)**	(245,029)	(31.8)
Gross profit	**13,967**	22,715	(38.5)
Other income and gains	**1,955**	3,332	(41.3)
Selling and distribution costs	**(2,697)**	(3,833)	(29.6)
Administrative expense	**(20,501)**	(19,788)	3.6
Other expenses	**(1,429)**	(120)	NM
Reversal of/(Provision for) impairment losses, net	**(14,016)**	13,062	NM
Finance costs	**(2,504)**	(2,006)	24.8
Operating profit before tax from the Remaining Group	**(25,225)**	13,362	NM
Income tax credit/(expenses)	**2,633**	(3,353)	NM
Operating profit/(loss) after tax from the Remaining Group	**(22,592)**	10,009	NM
DISPOSAL GROUP			
Loss for the period from Disposal Group	**–**	(62,587)#	100.0
Loss for the period	**(22,592)**	(52,578)	(57.0)
ATTRIBUTABLE TO:			
Owners of the Company	**(19,115)**	(50,829)	(62.4)
Non-controlling interests	**(3,477)**	(1,749)	(98.8)
	(22,592)	(52,578)	(57.0)

Presented at gross of intra-group transactions as if the Disposal had taken place on 30 June 2019.

Revenue

Revenue fell to RMB181.1 million for 1H2020 (1H2019: RMB267.7 million) due mainly to (i) lower operating activities resulting from the Production Suspension and (ii) lower average selling price of high-grade iron concentrations as a result of falling market demand amid slowing economic activities which arose from lockdown of major cities and disruptions in supply chains during the Reporting Period.

Cost of Sales

Cost of sales primarily comprises 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 RMB167.2 million for 1H2020 (1H2019: RMB245.0 million) on the back of lower revenues.

Gross Profit and Margin

Gross profit fell to approximately RMB14.0 million for 1H2020 (1H2019: RMB22.7 million) due to lower revenues while the Group's gross profit margin fell to approximately 7.7% for 1H2020 (1H2019: 8.5%).

Other Income and Gains

Other income and gains fell to approximately RMB2.0 million for 1H2020 (1H2019: RMB3.3 million) as there was a waiver of third-party interest expense in 1H2019 for its specialised mining services business whereas there was none in the Reporting Period. Other income also included proceeds of RMB0.6 million derived from the sale of mine tailings in 1H2020.

Selling and Distribution Expenses

Selling and distribution expenses fell to RMB2.7 million for 1H2020 (1H2019: RMB3.8 million) which is in line with lower revenues. The selling and distribution expenses primarily comprise transportation fees, logistic costs, storage and other related fees.

Administrative Expenses

Administrative expenses comprise staff-related expenses (net of government grant), professional fees and other overheads arising from the Production Suspension, remained relatively unchanged at RMB20.5 million for 1H2020 (1H2019: RMB19.8 million).

Other Expenses

Other expenses increased to RMB1.4 million for 1H2020 (1H2019: RMB0.1 million) due mainly to higher cost of processing mine tailings during the Reporting Period. Such initiative is targeted to assist in reducing possible water loss in the dams as well as cleaning up the existing tailings dams for environmental compliance while allowing part of the mine waste to become saleable.

Impairment Losses

High-Fe Mining Operations

The management of the Group has updated the key assumptions of the business projection in respect of the high-Fe mining operations (the "High Fe CGU"), which is highly dependent on the estimation of future commodity prices, mining plans, future capital expenditure plans, discount rates and market conditions after COVID-19 pandemic. As at 30 June 2020, the management of the Group is of the opinion that there is no impairment of the High Fe CGU, barring unforeseen circumstances. However, the management of the Group is mindful of the existing market conditions which appear to be highly unpredictable and will continue to assess the underlying assumptions applicable to its business projections (subject to regular reviews and revisions in relation to impairment tests) if there are factors indicating that the business conditions relating to this cash-generating unit ("CGU") may deteriorate to a level which requires accounting impairment as a result of the COVID-19 pandemic.

Specialised Mining Services

Given the unfavourable geopolitical conditions, extreme economic pressures relating to the persistence of COVID-19 pandemic and pessimism over short- to mid-term economic growth, resurgence of COVID-19 cases in Australia, where the Group's specialised mining services currently operate, the management has updated key assumptions in the business projections, among others, reducing expected growth rate to be in line with market expectation. On these grounds and given the degree of uncertainty, the Group has also deferred its major capital expenditure decisions and delayed its expansion plans for specialised mining services business. The Group may also need to postpone or slow down its evaluation of major mining services jobs opportunities until the situations improve. As a result, impairment loss was recorded on CGU in respect of specialised mining services (the "Specialised Mining Services CGU") due to a decline in its recoverable amount.

If there are changes to market conditions resulting in a change of projections and estimates after the projection period, the estimates of future recoverable amount of the above CGUs may change or result in a decrease in the carrying amount of the CGUs given that the business plans are expected to change more rapidly given such period of uncertainty.

In consequence, an impairment loss of RMB14.0 million was recorded for 1H2020 (1H2019: reversal of impairment losses RMB13.1 million on trade debts recovery from trading business) mainly attributable to the Specialised Mining Services CGU during the Reporting Period.

Finance Costs

Finance costs remained relatively unchanged at RMB2.5 million for 1H2020 (1H2019: RMB2.0 million).

Income Tax Credit/(Expense)

The Group recorded an income tax credit of RMB2.6 million for 1H2020 (1H2019: income tax expense of RMB3.4 million), due to the recognition of deferred tax assets in relation to the unabsorbed tax losses for its high-Fe mining operations.

Loss Attributable to Owners

Given the above, the Group recorded Net Loss of RMB19.1 million for 1H2020 (1H2019: Net Loss of RMB50.8 million).

Interim Dividend

The Board does not recommend the payment of an interim dividend for 1H2020 (1H2019: Nil).

LIQUIDITY AND CAPITAL RESOURCES

The following table sets out certain information regarding the Group's interim consolidated statement of cash flows for the six months ended 30 June 2020 and 2019:

	1H2020		1H2019	
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents as stated in the interim consolidated statement of cash flows at beginning of the period		**26,689**		33,771
Net cash flows generated from/(used in) operating activities	**(17,103)**		22,432	
Net cash flows used in investing activities	**(1,900)**		(28,731)	
Net cash flows used in financing activities	**(609)**		(17,585)	
Net decrease in cash and cash equivalents		**(19,612)**		(23,884)
Effect of foreign exchange rate changes, net		**155**		(314)
Cash and cash equivalents as stated in the interim consolidated statement of cash flows at end of the period		**7,232**		9,573

Net Cash Flows Generated From/(Used In) Operating Activities

The Group's net operating cash flows used in operating activities were RMB17.1 million for 1H2020 (1H2019: RMB22.4 million generated from operating cash flows) after accounting for operating loss before working capital changes of RMB1.1 million (1H2019: RMB3.6 million), higher working capital investments of RMB16.0 million due mainly to prepayments for confirmed procurement of steels supply to meet an immediate surge in demand for trading purposes, shortly after the major lockdown in the cities in PRC were lifted (Note: all of these procured post-lockdown orders were sold on a back-to-back basis and fully delivered as at the date of this announcement.) (1H2019: positive working capital changes of RMB25.9 million).

Net Cash Flows Used In Investing Activities

The Group's net cash flows used in investing activities were RMB1.9 million for 1H2020 (1H2019: RMB28.7 million), due primarily to the upgrade of plant and equipment of approximately RMB3.9 million (1H2019: RMB36.9 million) for production facilities which was offset by proceeds from disposal of plant and equipment amounting to RMB2.4 million (1H2019: Nil).

Net Cash Flows Used In Financing Activities

The Group's net cash flows used in financing activities were RMB0.6 million for 1H2020 (1H2019: RMB17.6 million) as a result of excluding repayments of several loans following the Disposal.

FINANCIAL POSITION

Analysis of Inventories

The Group's inventories increased to RMB30.3 million as at 30 June 2020 (FY2019: RMB29.4 million) due mainly to ongoing mining services projects.

Analysis of Trade and Bills Receivables

The Group's trade and bills receivables decreased to RMB139.8 million as at 30 June 2020 (FY2019: RMB202.5 million) on the back of lower revenues.

Other Receivables

Other receivables increased to RMB84.1 million (FY2019: RMB8.6 million) due to prepayments for confirmed procurement of steels supply to meet an immediate surge in demand for trading purposes, shortly after the major lockdowns in the cities in PRC were lifted. All of these procured post-lockdown orders were sold on a back-to-back basis and fully delivered as at the date of this announcement.

Assets Classified as Held for Sale

The assets classified as held for sale, relating to equipment for specialised mining services, fell by RMB1.0 million to RMB34.8 million as at 30 June 2020 (FY2019: RMB35.8 million) due to lower fair values.

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

This related to the assets and liabilities of the Disposal Group where the Disposal had been completed on 30 July 2019.

Analysis of Trade and Bills Payables

The Group's trade and bills payables decreased to RMB65.5 million as at 30 June 2020 (FY2019: RMB68.5 million) on the back of lower purchases from and payment to suppliers. However, overall creditors turnover days increased to 72 days (FY2019: 39 days) as a result of longer credit term.

Borrowings

Total borrowings of the Group remain relatively stable at RMB100.2 million as at 30 June 2020 (FY2019: RMB99.2 million). As at 30 June 2020, except for the loans that were denominated in AUD, all other bank loans of the Group were denominated in RMB. Details of the borrowings of the Group are set out in note 18 to Interim Condensed Financial Information of this announcement.

Lease Liabilities

This related to payment obligations in relation to the right-of-use assets which comprised mainly office premises and tailings management facilities.

Contingent Liabilities

As at 30 June 2020, the Maximum Guarantee Amount of contingent liabilities of the Company was RMB730.0 million 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 debts have not been fully 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 30 June 2020, the Group did not have any other contingent liabilities. For further details about the CVT Guarantees and the Counter Indemnity, please refer to an update announcement of the Company dated 29 July 2020.

Pledge of Assets

The Group's pledge of assets as at 30 June 2020 was related mainly to a short-term bank loan of RMB83.8 million granted by Shanghai Pudong Development Bank Chengdu Branch to Aba Mining, which was secured by the mining right of Maoling Mine.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plan for Material Investments of Capital Assets

Save as disclosed elsewhere in this management discussion and analysis ("MD&A") or in the unaudited condensed consolidated financial statements for 1H2020, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during 1H2020. Save as disclosed in this MD&A, there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

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 the 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 period ended 30 June 2020 (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	136.4
If RMB weakens against HKD, USD, AUD, SGD and VND	(136.4)

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 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 30 June 2020 and 31 December 2019.

Capital Expenditure

The Group's total capital expenditure decreased significantly by RMB8.8 million to RMB4.3 million for 1H2020 (1H2019: RMB13.1 million, on a comparable basis) due to the deferment of certain non-critical capital expenditure amid the COVID-19 pandemic.

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 purpose. Equity includes equity attributable to owners of the Company and non-controlling interests. As at 30 June 2020, gearing ratio was approximately 10.0% (FY2019: 7.4%) following the Completion.

OTHER SIGNIFICANT EVENTS

Update on the CVT Guarantees

Subsequent to Reporting Period, Chengyu Vanadium Titano and Huili Caitong have updated the Company that they have been following up with the financial institutions for the release of the CVT Guarantees but it has taken longer than expected time for the financial institutions to review the release of CVT Guarantees as cities in China were on lockdown for COVID-19 outbreak containment earlier in 2020 which delayed the discussions. The financial institutions indicated willingness to release the CVT Guarantees provided that the total outstanding loans with the financial institutions are fully repaid.

Given that (i) the Counter Indemnity in favour of the Company will also continue to be in place and remain effective until the CVT Guarantees are released; (ii) the values of aggregate security provided by Chengyu Vanadium Titano remain substantially higher than the Maximum Guarantee Amount and the outstanding principal loans amount; and (iii) no actions have been taken or threatened to be taken by any of the financial institutions in enforcing any of the CVT Guarantees against the Company, CVT Guarantees will be in continuation in accordance with their original terms. For details of the CVT Guarantees, please refer to the Company's announcement dated 29 July 2020.

Outbreak of COVID-19 Pandemic

The Group had previously updated that the unprecedented COVID-19 pandemic has adversely affected the market sentiment, caused business uncertainty and posed significant risks on the pace of demand recovery for many industries in China due to major supply chain disruptions. Under such circumstances, the Group's operations had been affected by the Production Suspension and major supply chain disruptions as a result of lockdowns in major cities in China that had affected its financial performance and position for 1H2020. Based on the information that was available to the Group, the Group has considered the material impact of the COVID-19 pandemic when preparing the interim condensed financial information.

Amid the deteriorating global economic activities as a result of the COVID-19 pandemic, there remains a considerable uncertainty. The extent of this impact on the Group's future financial performance and position depends largely on the effectiveness of control measures against the COVID-19 pandemic and the outcomes of which remain largely unknown or uncertain. Given these uncertainties and the risks of resurgence in COVID-19 infections, the adverse impact on the economic activities could be more severe and prolonged than expected. As a result, the Group cautions against additional impairment in assessing the fair values of its existing CGUs and assets held-for-sale.

OUTLOOK

As the COVID-19 pandemic reverberates in unrelenting waves across the world with little sign of abating, its effect on the global economy is nothing short of catastrophic. Steep recessions abound with global growth for 2020 projected at minus 4.9%, according to the World Economic Outlook published by the International Monetary Fund in June 2020, with recovery expected to be protracted and bumpy. Added to that the intensifying trade frictions between China and the US as well as the deteriorating China-Australia relationship, massive post-pandemic supply chain shifts, and mounting geopolitical tensions, the world is facing an economic crisis the magnitude of which is unprecedented.

Although the resumption of commercial and manufacturing activities in China has preceded the rest of the world, its economy nonetheless took a hit in the first half of 2020, so much so that no growth target has been set for this year. Record downpour and severe flooding throughout June 2020 in southern and southwest China exacerbated already difficult economic conditions. The positive uptrend of the Chinese steel industry in 2019, supported by infrastructure constructions and the property sector, has stalled. When the COVID-19 pandemic first emerged, it has left its mark on the service, retail, and tourism industries, and as it persists, the manufacturing and property industries have also fallen victim, directly dealing a blow to the demand for steel, and in extension, the steel industry. Whereas overcapacity continues to plague the industry, the prospects are not brightened by the ongoing contraction of Chinese steel export. According to a Chinese steel industry forecast published by the Qianzhan Industry Research Institute*, the volume for steel consumption in China in 2020 is estimated to drop, by the range between 2.9% and 5.3%.

For the iron ore market, international prices have experienced intense fluctuations as supply was curtailed by the shutdown of mines in Brazil. In view of the current situation, the most pressing issue is one of survival, and to consider a path to seize opportunities and development amid adversity. It is paramount for the Group to shore up its foundations by maximising the cost-efficiency of its assets and operations and improving the production capacity.

The Disposal of the loss-making Discontinued Operations in 2019 has significantly narrowed losses of the Group for 1H2020 and the Group has since improved its financial position. The Group's immediate focus is to recoup its capacity loss, re-optimise utilisation rate and improve efficiencies for its High Fe Mines production following the post-lockdown resumption of operations. Meanwhile, the Group hopes to evaluate other value accretive growth opportunities which may include business diversification plans beyond the mining industry.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 June 2020, the number of employees of the Group was 179 (31 December 2019: 184). For the Reporting Period, employee benefit expense (including Directors' remuneration in the form of salaries and other allowances) was approximately RMB11.7 million (1H2019: approximately RMB15.6 million, on a comparable basis).

The emolument policies of the Group are based on performance, experience, competence and market comparables. 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 contribution.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE

The Board is of the view that during the Reporting Period, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the Listing Rules (the "CG Code") except for code provision A.4.1 and A.6.7.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Mr. Teh Wing Kwan, the non-executive Director, is not appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, as Mr. Teh 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. Due to travel restrictions as a result of the COVID-19 pandemic, Mr. Teh Wing Kwan was not able to physically attend the 2020 AGM and joined the 2020 AGM by means of teleconference instead.

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.

REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

Disclosure of financial information in this announcement complies with Appendix 16 to the Listing Rules. The audit committee has discussed risk management and internal control affairs and reviewed the Company's interim results for the Reporting Period, and the audit committee is of the view that the interim results for the Reporting Period is prepared in accordance with the applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

GLOSSARY

"1H2019"	the six months ended 30 June 2019
"1H2020" or "Reporting Period"	the six months ended 30 June 2020
"2020 AGM"	the annual general meeting of the Shareholders 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
"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
"Board"	the board of Directors

"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", "PRC" or "Mainland China"	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" or "our"	China Vanadium Titano-Magnetite Mining Company Limited, a limited liability company incorporated in the Cayman Islands on 28 April 2008
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Completion"	completion of the Disposal of the Disposal Group on 30 July 2019
"Continuing Operations"	operations of the Remaining Group
"Controlling Shareholder(s)"	has the meaning ascribed thereto in the Listing Rules
"Counter Indemnity"	a moveable asset pledge contract entered into between Chengyu Vanadium Titano and the Company for the provision of counter-indemnity by Chengyu Vanadium Titano in favour of the Company in respect of the Company's liabilities and claims under the CVT Guarantees (if any), and the pledge of the Chengyu Vanadium Titano's inventories (including but not limited to structural steels, coals etc) as security for such counter-indemnity
"CVT Guarantees"	guarantees given by the Company in favour of the Disposal Group guaranteeing, inter alia, the indebtedness owing by the Disposal Group to certain financial institutions in the PRC with maximum guarantee amount of RMB730.0 million
"Director(s)"	director(s) of the Company or any one of them
"Discontinued Operations"	operations of the Disposal Group
"Disposal"	the sale transaction of 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 which ceased to be subsidiaries of the Group following the Completion
"Fe"	chemical symbol of iron element
"FY2019"	financial year ended and/or as at 31 December 2019
"Group"	the Company and its subsidiaries
"Gypsum"	a soft hydrous sulfate mineral with the chemical formula $CaSO_4 \cdot 2H_2O$
"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
"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
"Kt"	thousand tonnes
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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), which 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
"Maximum Guarantee Amount"	Maximum guarantee amount of RMB730.0 million provided by the Company pursuant to the CVT Guarantees in favour of the Disposal Group, prior to the completion of the Disposal
"Mt"	million tonnes
"NM"	not meaningful. For the purpose of this announcement, the Board has taken the view that percentage change of more than 1,000% is not meaningful
"N/A"	not applicable
"Net Loss"	loss attributable to owners
"Remaining Group"	the Company and its subsidiaries excluding the Disposal Group
"Renminbi" or "RMB"	the lawful currency of the PRC
"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"	a 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
"Singapore dollars" or "SGD"	the lawful currency of the Republic of Singapore
"sq.km."	square kilometre(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TFe"	the symbol for denoting total iron

"Trisonic International"	Trisonic International Limited, a company incorporated in Hong Kong on 19 July 2006 and a Controlling Shareholder
"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
"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

* *For identification purpose only*

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

Hong Kong, 27 August 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