**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 2020

## FINANCIAL HIGHLIGHTS

For the Reporting Period:

- the Continuing Operations recorded a net profit after tax of approximately RMB8.3 million, net of operating expenses for its corporate functions, despite major operational and supply chain disruptions during 1H2020 as a result of the COVID-19 pandemic. The profitability of the Continuing Operations was due mainly to higher average selling price and post-pandemic demand recovery; and
- the Discontinued Operations, representing the Specialised Mining Services, the discontinued business unit in Australia, recorded a net loss after tax of approximately RMB32.7 million due mainly to falling fair values for its equipment held-for-sale and lower value-in-use given the significantly lower capacity utilisation under the complex macro and challenging business environment.

Combining the above, the Net Loss for the Discontinued Operations outpaced the Net Profit for the Continuing Operations. As a result, the Group reported a Net Loss of RMB17.1 million for FY2020 (FY2019: Net Profit of RMB69.2 million, out of which, RMB153.0 million was the one-off gain from disposal of Low-Fe Mining Operation).

The basic and diluted loss per Share attributable to ordinary equity holders of the Company was approximately RMB0.008 for FY2020, as compared to profit per Share attributable to ordinary equity holders of the Company of approximately RMB0.031 for FY2019.

The Board does not recommend payment of a final dividend for FY2020 (FY2019: Nil).

The Board hereby announces the audited consolidated results of the Group for FY2020 together with the comparative figures for FY2019 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2020*

| | Notes | 2020 RMB'000 | 2019 RMB'000 (Re-presented) |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| **REVENUE** | 3, 4 | **488,135** | 517,637 |
| Cost of sales | | **(441,548)** | (477,107) |
| **Gross profit** | | **46,587** | 40,530 |
| Other income | 4 | **3,864** | 409 |
| Selling and distribution expenses | | **(4,572)** | (9,194) |
| Administrative expenses | | **(30,515)** | (22,034) |
| Other expenses | | **(3,212)** | (417) |
| Reversal of impairment losses on trade receivables, net | 6 | **1,479** | 8,844 |
| Impairment losses on financial assets included in prepayments, other receivables and other assets, net | 6 | **–** | (604) |
| Finance costs | 5 | **(5,598)** | (3,139) |
| **PROFIT BEFORE TAX FROM CONTINUING OPERATIONS** | 6 | **8,033** | 14,395 |
| Income tax credit/(expense) | 7 | **250** | (6,091) |
| **PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS** | | **8,283** | 8,304 |
| **DISCONTINUED OPERATIONS** | | | |
| Profit/(loss) for the year from discontinued operations | 8 | **(32,675)** | 52,083 |
| **PROFIT/(LOSS) FOR THE YEAR** | | **(24,392)** | 60,387 |

| | Notes | 2020 RMB'000 | 2019 RMB'000 (Re-presented) |
|---|---|---|---|
| **OTHER COMPREHENSIVE INCOME/(LOSS)** | | | |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | | **(1,770)** | 743 |
| **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR** | | **(26,162)** | 61,130 |
| Profit/(loss) attributable to: | | | |
| Owners of the Company | | **(17,054)** | 69,199 |
| Non-controlling interests | | **(7,338)** | (8,812) |
| | | **(24,392)** | 60,387 |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the Company | | **(18,489)** | 69,800 |
| Non-controlling interests | | **(7,673)** | (8,670) |
| | | **(26,162)** | 61,130 |
| **EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:** | | | |
| Basic and diluted | | | |
| – For profit/(loss) for the year | *10* | **RMB(0.008)** | RMB0.031 |
| – For profit from continuing operations | *10* | **RMB0.004** | RMB0.005 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2020*

| | Notes | 2020 RMB'000 | 2019 RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 11 | **155,431** | 190,849 |
| Right-of-use assets | 14 | **6,909** | 3,178 |
| Intangible assets | 12 | **735,603** | 736,666 |
| Other intangible asset | 13 | **–** | 137 |
| Prepayments, other receivables and other assets | 15 | **966** | 1,125 |
| Deferred tax assets | 16 | **14,824** | 12,783 |
| **Total non-current assets** | | **913,733** | 944,738 |
| **CURRENT ASSETS** | | | |
| Inventories | 17 | **5,814** | 29,418 |
| Trade and bills receivables | 18 | **181,760** | 202,544 |
| Prepayments, other receivables and other assets | 15 | **4,693** | 8,615 |
| Due from related parties | | **8,929** | 22,096 |
| Pledged deposit | 19 | **328** | – |
| Cash and cash equivalents | 19 | **32,645** | 26,689 |
| | | **234,169** | 289,362 |
| Assets classified as held for sale | 20 | **–** | 35,832 |
| Assets of a disposal group classified as held for sale | 8 | **77,730** | – |
| **Total current assets** | | **311,899** | 325,194 |
| **CURRENT LIABILITIES** | | | |
| Trade payables | 21 | **30,493** | 68,463 |
| Contract liabilities | 22 | **2,277** | 5,820 |
| Other payables and accruals | 23 | **63,254** | 88,390 |
| Interest-bearing bank and other loans | 24 | **84,735** | 99,247 |
| Due to related parties | | **3,868** | 40,638 |
| Lease liabilities | 14 | **3,945** | 1,254 |
| Tax payable | | **11,266** | 9,435 |
| | | **199,838** | 313,247 |
| Liabilities directly associated with the assets classified as held for sale | 8 | **84,990** | – |
| **Total current liabilities** | | **284,828** | 313,247 |

| | Notes | **2020** | 2019 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **NET CURRENT ASSETS** | | **27,071** | 11,947 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **940,804** | 956,685 |
| **NON-CURRENT LIABILITIES** | | | |
| Due to related parties | | **7,680** | – |
| Lease liabilities | *14* | **3,318** | 1,375 |
| Provision for rehabilitation | *25* | **13,654** | 12,847 |
| Other payables | *23* | **700** | 849 |
| **Total non-current liabilities** | | **25,352** | 15,071 |
| **Net assets** | | **915,452** | 941,614 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Issued capital | *26* | **197,889** | 197,889 |
| Reserves | | **428,362** | 446,851 |
| | | **626,251** | 644,740 |
| **Non-controlling interests** | | **289,201** | 296,874 |
| **Total equity** | | **915,452** | 941,614 |

# NOTES TO FINANCIAL STATEMENTS

*For the year ended 31 December 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 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 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

During the year ended 31 December 2020, the Group were principally engaged in the following principal activities:

- mining and ore processing
- sale of self-produced products
- trade of mineral commodities, construction materials, steel products and machinery and equipment
- 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 2020. 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 Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year's financial statements.

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

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) 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.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. 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 hedging relationships.

(d) 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 Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the 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 for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's plant and machinery have been reduced or waived by the lessors upon reducing the scale of production as a result of the 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 pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB254,000 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 year ended 31 December 2020.

(e) 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, or both. The amendments did not have any significant impact on the financial position and 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 IFRS 3 | *Reference to the Conceptual Framework*[2] |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | *Interest Rate Benchmark Reform – Phase 2*[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 | *Disclosure of Accounting Policies*[3] |
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current*[3] |
| Amendments to IAS 8 | *Definition of Accounting Estimates*[3] |
| IFRS 17 | *Insurance Contracts*[3] |
| Amendments to IFRS 17 | *Insurance Contracts*[3, 5] |
| Amendments to IAS 16 | *Property, Plant and Equipment: Proceeds before Intended Use*[2] |
| Amendments to IAS 37 | *Onerous Contracts – Cost of Fulfilling a Contract*[2] |
| Annual Improvements to IFRSs 2018-2020 | *Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*[2] |

1 Effective for annual periods beginning on or after 1 January 2021
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
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

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

Amendments to IFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is 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, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank loans denominated in RMB based on the China Loan Prime Rate as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

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 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and products and has three (2019: 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 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 monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income, other expenses, 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, pledged deposits 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 2020**

| | **High-Fe mining operation** *RMB'000* | **Trading** *RMB'000* | **Corporate and others** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|
| **Segment revenue** | | | | |
| Sales to external customers | **87,079** | **401,056** | **–** | **488,135** |
| Revenue from continuing operations | | | | **488,135** |
| **Segment results** | **17,454** | **8,750** | **(13,555)** | **12,649** |
| *Reconciliation:* | | | | |
| Other income | | | | **3,864** |
| Other expense | | | | **(3,212)** |
| Finance costs (other than interest on lease liabilities) | | | | **(5,268)** |
| Profit before tax from continuing operations | | | | **8,033** |
| **Segment assets** | **342,802** | **169,684** | **723,016** | **1,235,502** |
| *Reconciliation:* | | | | |
| Elimination of intersegment receivables | | | | **(135,397)** |
| Deferred tax assets | | | | **14,824** |
| Cash and cash equivalents | | | | **32,645** |
| Pledged deposit | | | | **328** |
| Assets related to discontinued operations | | | | **77,730** |
| Total assets | | | | **1,225,632** |
| **Segment liabilities** | **61,550** | **143,161** | **59,875** | **264,586** |
| *Reconciliation:* | | | | |
| Elimination of intersegment payables | | | | **(135,397)** |
| Interest-bearing bank and other loans | | | | **84,735** |
| Tax payable | | | | **11,266** |
| Liabilities related to discontinued operations | | | | **84,990** |
| Total liabilities | | | | **310,180** |
| **Other segment information** | | | | |
| Provision for/(reversal of) impairment losses on trade receivables, net *(note 6)* | **170** | **(1,649)** | **–** | **(1,479)** |
| Depreciation and amortisation | **12,557** | **–** | **753** | **13,310** |
| Capital expenditure* *(note 11)* | **12,494** | **–** | **2,206** | **14,700** |

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

Year ended 31 December 2019
(Re-presented)

| | High-Fe mining operation *RMB'000* | Trading *RMB'000* | Corporate and others *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **Segment revenue** | | | | |
| Sales to external customers | 82,493 | 435,144 | – | 517,637 |
| Intersegment sales | 4,733 | – | – | 4,733 |
| | 87,226 | 435,144 | – | 522,370 |
| *Reconciliation:* | | | | |
| Elimination of intersegment sales | | | | (4,733) |
| Revenue from continuing operations | | | | 517,637 |
| **Segment results** | 15,671 | 13,841 | (11,970) | 17,542 |
| *Reconciliation:* | | | | |
| Other income | | | | 409 |
| Other expense | | | | (417) |
| Finance costs | | | | (3,139) |
| Profit before tax from continuing operations | | | | 14,395 |
| **Segment assets** | 343,741 | 190,672 | 4,598,439 | 5,132,852 |
| *Reconciliation:* | | | | |
| Elimination of intersegment receivables | | | | (4,027,826) |
| Deferred tax assets | | | | 12,783 |
| Cash and cash equivalents | | | | 26,689 |
| Assets related to discontinued operations | | | | 125,434 |
| Total assets | | | | 1,269,932 |
| **Segment liabilities** | 248,951 | 191,654 | 3,676,140 | 4,116,745 |
| *Reconciliation:* | | | | |
| Elimination of intersegment payables | | | | (4,004,144) |
| Interest-bearing bank and other loans | | | | 99,247 |
| Tax payable | | | | 9,435 |
| Liabilities related to discontinued operations | | | | 107,035 |
| Total liabilities | | | | 328,318 |
| **Other segment information** | | | | |
| Provision for/(reversal of) impairment losses on trade receivables, net *(note 6)* | 6 | (8,850) | – | (8,844) |
| Provision for/(reversal of) impairment losses on financial assets included in prepayments, other receivables and other assets *(note 6)* | (2) | – | 606 | 604 |
| Depreciation and amortisation | 7,489 | – | 579 | 8,068 |
| Capital expenditure* | 32,526 | – | 5,688 | 38,214 |

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

**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.

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Domestic – PRC | **488,135** | 517,637 |
| | **488,135** | 517,637 |

*(b)* *Non-current assets*

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| PRC | **897,183** | 887,844 |
| Australia | **–** | 41,984 |
| Singapore | **587** | 394 |
| Hong Kong | **173** | 608 |
| | **897,943** | 930,830 |

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:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Customer A | **400,777** | 435,144 |
| Customer B | **72,907** | 62,719 |
| Customer C | **8,490** | 8,072 |

## 4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

| | **2020** | | 2019 | |
|---|---|---|---|---|
| | ***RMB'000*** | *%* | *RMB'000* | *%* |
| *Revenue from contracts with customers* | | | | |
| Sale of industrial products: | | | | |
| High-grade iron concentrates | **78,966** | **16.2** | 79,112 | 15.3 |
| Coals | **–** | **–** | 6,347 | 1.2 |
| Steels | **401,056** | **82.2** | 428,797 | 82.8 |
| Rendering of consultancy and management services | **8,113** | **1.6** | 3,381 | 0.7 |
| | **488,135** | **100.0** | 517,637 | 100.0 |

**Revenue from contracts with customers**

***(a) Disaggregated revenue information***

**For the year ended 31 December 2020**

| **Segments** | **High-Fe mining operation** *RMB'000* | **Trading** *RMB'000* | **Corporate and others** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|
| **Types of goods or services** | | | | |
| High-grade iron concentrates | **78,966** | **–** | **–** | **78,966** |
| Trading of steels | **–** | **401,056** | **–** | **401,056** |
| Rendering of consultancy and management services | **8,113** | **–** | **–** | **8,113** |
| | **87,079** | **401,056** | **–** | **488,135** |
| **Geographical markets** | | | | |
| PRC | **87,079** | **401,056** | **–** | **488,135** |
| | **87,079** | **401,056** | **–** | **488,135** |
| **Time of revenue recognition** | | | | |
| Goods transferred at a point in time | **78,966** | **401,056** | **–** | **480,022** |
| Services transferred over time | **8,113** | **–** | **–** | **8,113** |
| | **87,079** | **401,056** | **–** | **488,135** |

For the year ended 31 December 2019

| Segments | High-Fe mining operation *RMB'000* | Trading *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 consultancy and management services | 3,381 | – | – | 3,381 |
| | 82,493 | 435,144 | – | 517,637 |
| **Geographical markets** | | | | |
| PRC | 82,493 | 435,144 | – | 517,637 |
| | 82,493 | 435,144 | – | 517,637 |
| **Time of revenue recognition** | | | | |
| Goods transferred at a point in time | 79,112 | 435,144 | – | 514,256 |
| Services transferred over time | 3,381 | – | – | 3,381 |
| | 82,493 | 435,144 | – | 517,637 |

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 2020**

There were no intersegment sales for the year ended 31 December 2020.

| **Segments** | **High-Fe mining operation** ***RMB'000*** | **Trading** ***RMB'000*** | **Corporate and others** ***RMB'000*** | **Total** ***RMB'000*** |
|---|---|---|---|---|
| **Revenue from contracts with customers** | | | | |
| External customers | **87,079** | **401,056** | **–** | **488,135** |
| Intersegment sales | **–** | **–** | **–** | **–** |
| | **87,079** | **401,056** | **–** | **488,135** |
| Intersegment adjustments and eliminations | **–** | **–** | **–** | **–** |
| Total revenue from contracts with customers | **87,079** | **401,056** | **–** | **488,135** |

For the year ended 31 December 2019

| Segments | High-Fe mining operation *RMB'000* | Trading *RMB'000* | Corporate and others *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **Revenue from contracts with customers** | | | | |
| External customers | 82,493 | 435,144 | – | 517,637 |
| Intersegment sales | 4,733 | – | – | 4,733 |
| | 87,226 | 435,144 | – | 522,370 |
| Intersegment adjustments and eliminations | (4,733) | – | – | (4,733) |
| Total revenue from contracts with customers | 82,493 | 435,144 | – | 517,637 |

***(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 industrial products and payment is generally due within 120 days from delivery.

*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 2020 and 2019, 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 sale of industrial products.

An analysis of other income from continuing operations is as follows:

| | *Note* | **2020** ***RMB'000*** | 2019 *RMB'000* |
|---|---|---|---|
| **Other income** | | | |
| Bank interest income | | **8** | 19 |
| Government grants | *(a)* | **967** | 26 |
| Sale of raw materials | | **2,002** | – |
| Miscellaneous | | **887** | 364 |
| Total other income | | **3,864** | 409 |

*Note:*

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

## 5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

| | 2020<br>*RMB'000* | 2019<br>*RMB'000* |
|---|---|---|
| Interest on bank and other loans | **4,461** | 3,464 |
| Interest on lease liabilities *(note 14(c))* | **330** | 33 |
| Unwinding of discount on provision *(note 25)* | **807** | (358) |
| | **5,598** | 3,139 |

## 6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit before tax from continuing operations was arrived at after charging/(crediting):

| | *Notes* | 2020<br>*RMB'000* | 2019<br>*RMB'000* |
|---|---|---|---|
| Cost of inventories sold | | **441,548** | 477,107 |
| Employee benefit expenses (including Directors' and chief executive's remuneration): | | | |
| Wages and salaries | | **12,594** | 16,852 |
| Welfare and other benefits | | **957** | 670 |
| Pension scheme contributions | | | |
| – Defined contribution fund | | **735** | 1,727 |
| Housing fund | | | |
| – Defined contribution fund | | **308** | 281 |
| Total employee benefit expenses | | **14,594** | 19,530 |
| Depreciation of property, plant and equipment | *11* | **9,748** | 6,606 |
| Depreciation of right-of-use assets | *14(a)* | **2,499** | 602 |
| Amortisation of intangible assets | *12* | **1,063** | 860 |
| Depreciation and amortisation expenses | | **13,310** | 8,068 |
| Impairment losses recognised on: | | | |
| Impairment losses on financial assets included in prepayments, other receivables and other assets, net | *15* | **–** | 604 |
| Reversal of impairment losses on trade receivables, net | *18* | **(1,479)** | (8,844) |
| Total reversal of impairment losses, net | | **(1,479)** | (8,240) |
| Lease payments not included in the measurement of lease liabilities | *14(c)* | **614** | 984 |
| Auditor's remuneration | | **1,980** | 1,400 |

## 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 for the years ended 31 December 2020 and 2019.

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 years ended 31 December 2020 and 2019.

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

All subsidiaries domiciled in the PRC (the "PRC subsidiaries") were subject to the PRC corporate income tax rate of 25% during the year ended 31 December 2020. 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 charge/(credit) are as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current – Singapore | | |
| Charge for the year | **3** | 3 |
| Current – PRC | | |
| Charge for the year | **1,788** | 1,270 |
| Deferred *(note 16)* | **(2,041)** | 4,818 |
| Total tax charge/(credit) for the year from continuing operations | **(250)** | 6,091 |
| Total tax charge for the year from discontinued operations *(note 8)* | **–** | 1,551 |
| | **(250)** | 7,642 |

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 | 2020<br>RMB'000 | 2019<br>RMB'000 |
|---|---|---|---|
| Profit before tax from continuing operations | | **8,033** | 14,395 |
| Profit/(loss) before tax from discontinued operations | | **(32,675)** | 53,634 |
| | | **(24,642)** | 68,029 |
| Tax at the respective statutory tax rates: | | | |
| – PRC subsidiaries, at 25% | | **4,048** | 25,156 |
| – Australia subsidiaries, at 30% | | **(9,802)** | (3,852) |
| – the Company and its Hong Kong subsidiaries, at 16.5% | | **(1,359)** | (2,856) |
| – Singapore subsidiary, at 17% | | **13** | 11 |
| Expenses not deductible for tax | *(a)* | **2,237** | 2,691 |
| Tax effect of tax losses not recognised | | **10,308** | 8,503 |
| Tax effect of deductible temporary differences not recognised | | **(412)** | 18,007 |
| Income not subject to tax | | **–** | (38,249) |
| Tax losses utilised from the prior year | | **(5,283)** | (1,769) |
| Tax charge/(credit) at the Group's effective tax rate | | **(250)** | 7,642 |
| Tax charge/(credit) from continuing operations at the effective tax rate | | **(250)** | 6,091 |
| Tax charge from discontinued operations at the effective tax rate | | **–** | 1,551 |

*Note:*

(a) Expenses not deductible for tax for the years ended 31 December 2020 and 31 December 2019 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 specialised mining services in Australia. Pursuant to a board resolution dated 18 December 2020, the Group has decided to dispose the Specialised Mining Services because it plans to focus its resources on its High-Fe Mining Operation mainly in PRC. On 31 December 2020, the Company entered into the memorandum of understanding in respect of the disposal with a potential purchaser, while the Company has also been evaluating various other options to exit the Specialised Mining Services. As at 31 December 2020, management had reasonably expected that the disposal would be highly probable completed within one year. As such, the results and cash flows of the Disposal Group has been be presented as a discontinued operation for the year ended 31 December 2020 and the comparative results and cash flows has been re-presented in accordance with IFRS 5. With the Disposal Group being classified as a discontinued operation, the Specialised Mining Services are no longer included in the note 3 for operating segment information.

As mentioned in the Company's consolidated financial statements for the year ended 31 December 2019, Huili Caitong and its subsidiaries (hereinafter collectively referred to as the "Disposed Group") was disposed of on 30 July 2019 with the consideration of RMB550,000,000. Upon the completion of the disposal, the gain on disposal of the Disposed Group and the related income tax were presented as part of the discontinued operations for the year ended 31 December 2019.

The results of the discontinued operations for the year are presented as follows:

| | *Notes* | **2020**<br>***RMB'000*** | 2019<br>*RMB'000* |
|---|---|---|---|
| **REVENUE** | | **92,568** | 97,033 |
| Cost of sales | | **(77,556)** | (84,088) |
| **Gross profit** | | **15,012** | 12,945 |
| Other income and gains | | **3,700** | 5,513 |
| Selling and distribution expenses | | **–** | – |
| Administrative expenses | | **(21,600)** | (25,403) |
| Other expenses | | **–** | (426) |
| Impairment losses on property, plant and equipment *(note 11)* | *(a)* | **(17,209)** | – |
| Impairment losses on other intangible asset *(note 13)* | *(a)* | **(120)** | (6,545) |
| Impairment losses on right-of-use assets *(note 14(a))* | *(a)* | **(452)** | – |
| Impairment losses on assets classified as held for sale | *(b)* | **(11,584)** | (5,941) |
| Impairment losses on financial assets included in prepayments, other receivables and other assets *(note 15)* | | **–** | (1,479) |
| Finance costs | | **(422)** | (900) |
| Loss before tax from the Disposal Group | | **(32,675)** | (22,236) |
| Loss before tax from the Disposed Group | | **–** | (77,127) |
| Gain on disposal of the Disposed Group | | **–** | 152,997 |
| **Profit/(loss) before tax from discontinued operations** | | **(32,675)** | 53,634 |
| Income tax expense *(note 7)* | | **–** | (1,551) |
| **PROFIT/(LOSS) FOR THE YEAR FROM THE DISCONTINUED OPERATIONS** | | **(32,675)** | 52,083 |

*Notes:*

(a) The Group measured the assets of a disposal group classified as discontinued operations 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 ("CGU") is evaluated annually at 31 December or biannually at 30 June to determine whether there are any indications of impairment. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed.

In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value-in-use ("VIU"). Management has performed impairment assessment on all the carrying amounts of the Group's property, plant and equipment, other intangible asset and right-of-use assets. 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 period of nineteen-year approved by management with pre-tax discount rate of 13.84% (2019: 13.00%). The cash flows beyond the three-year period were extrapolated using a growth rate of 2.58% (2019: 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 above-mentioned impairment assessment, the recoverable amounts, carrying amounts as at 31 December 2020 and impairment provisions for the year ended 31 December 2020 are as follows:

| | **Recoverable amount** *RMB'000* | **Carrying amount** *RMB'000* | **Impairment provision** *RMB'000* |
|---|---|---|---|
| Specialised Mining Services CGU | 21,366 | 39,147 | 17,781 |

The above impairment provisions as at 31 December 2020 have been allocated to the following asset classes.

***Impairment loss recognised on property, plant and equipment***

An impairment loss of RMB17,209,000 (2019: Nil) was recognised during the year ended 31 December 2020 to write down the carrying amounts of Mancala Group's property, plant and equipment to their respective recoverable amounts of RMB20,819,000 as at 31 December 2020.

***Impairment loss recognised on right-of-use assets***

An impairment loss of RMB452,000 (2019: Nil) was recognised during the year ended 31 December 2020 to write down the carrying amounts of right-of-use assets of Mancala Group to their respective recoverable amounts of RMB547,000 as at 31 December 2020.

***Impairment loss recognised on other intangible asset***

An impairment loss of RMB120,000 (2019: RMB6,545,000) was recognised during the year ended 31 December 2020 to write down the carrying amount of the brand name of Mancala Group to the recoverable amount of Nil as at 31 December 2020.

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.

(b) Held for sale assets comprised part of plant and equipment of the Mancala Group which would not be utilised in the current operation. The Group measured the assets held for sale at the lower of its carrying amount and fair value less costs to sell. An impairment loss of RMB11,584,000 (2019: RMB5,941,000) was recognised during the year ended 31 December 2020 to write down the carrying amounts of assets held for sale to its respective recoverable amounts of RMB17,786,000 as at 31 December 2020.

The non-recurring fair value measurement for assets held for sale was considered to be Level 2 for the years ended 31 December 2020 and 2019, as it is derived from quoted prices in markets that are not active.

The major classes of assets and liabilities of the Disposal Group as at 31 December 2020 are as follows:

| | 2020 |
|---|---|
| | *RMB'000* |
| **ASSETS** | |
| Property, plant and equipment *(note 11)* | **20,819** |
| Right-of-use assets *(note 14(a))* | **547** |
| Inventories | **12,704** |
| Trade receivables | **796** |
| Prepayments, other receivables and other assets | **5,290** |
| Contract assets | **5,260** |
| Cash and cash equivalents | **14,528** |
| Assets classified as held for sale | **17,786** |
| Assets of a disposal group classified as held for sale | **77,730** |
| **LIABILITIES** | |
| Trade payables | **22,544** |
| Other payables and accruals | **32,358** |
| Interest-bearing bank and other loans | **17,660** |
| Due to related parties | **11,772** |
| Lease liability *(note 14(b))* | **656** |
| Liabilities directly associated with the assets classified as held for sale | **84,990** |
| Net liabilities directly associated with the Disposal Group | **(7,260)** |

The net cash flows incurred by the Disposal Group for the year ended 31 December 2020 and 2019 are as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Operating activities | **13,811** | (680) |
| Investing activities | **(1,376)** | (2,845) |
| Financing activities | **(40)** | 1,787 |
| Net cash inflow/(outflow) | **12,395** | (1,738) |
| Loss per share: | | |
| Basic and diluted, from the Disposal Group | **RMB(0.012)** | RMB(0.008) |

The net cash flows incurred by the Disposed Group for the period ended 30 July 2019 are as follows:

| | Period ended 30 July 2019 *RMB'000* |
|---|---|
| Operating activities | 31,087 |
| Investing activities | (53,230) |
| Financing activities | 22,123 |
| Net cash inflow/(outflow) | (20) |
| Earnings per share: | |
| Basic and diluted, from the Disposed Group | RMB0.034 |

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

| | **2020** **RMB'000** | 2019 *RMB'000* |
|---|---|---|
| Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operations | | |
| – from the Disposed Group | **–** | 75,821 |
| – from the Disposal Group | **(26,467)** | (18,011) |
| | **(26,467)** | 57,810 |
| 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 2021, the Directors did not recommend a final dividend for the year ended 31 December 2020 (2019: 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 ordinary shares of 2,249,015,410 (2019: 2,249,015,410) in issue during the year ended 31 December 2020.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2020 and 2019 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 Company's 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 2020** | | | | | | | |
| **Cost:** | | | | | | | |
| At 1 January 2020 | 40,352 | 70,243 | 1,327 | 2,663 | 135,454 | 38,578 | 288,617 |
| Additions from continuing operations *(note 3)* | – | 851 | 16 | – | 4,417 | 9,416 | 14,700 |
| Additions from discontinued operations | – | 339 | 32 | 700 | – | 3,989 | 5,060 |
| Transferred from CIP | 87 | 4,913 | – | 90 | – | (5,090) | – |
| Disposals in discontinued operations | – | (3,627) | – | – | – | – | (3,627) |
| Transferred from assets held for sale | – | 9,322 | – | – | – | – | 9,322 |
| Cost included in discontinued operations | – | (51,936) | (781) | (1,057) | – | (4,069) | (57,843) |
| Exchange realignment | – | 1,079 | 19 | 7 | – | 134 | 1,239 |
| At 31 December 2020 | 40,439 | 31,184 | 613 | 2,403 | 139,871 | 42,958 | 257,468 |
| **Accumulated depreciation and impairment:** | | | | | | | |
| At 1 January 2020 | 20,838 | 21,714 | 735 | 2,193 | 49,745 | 2,543 | 97,768 |
| Provided for the year from continuing operations *(note 6)* | 1,538 | 2,011 | 45 | 77 | 6,077 | – | 9,748 |
| Provided for the year from discontinued operations | – | 10,401 | 87 | 140 | – | – | 10,628 |
| Impairment recognised during the year from discontinued operations *(note 8(a))* | – | 17,209 | – | – | – | – | 17,209 |
| Disposals | – | (3,543) | – | – | – | – | (3,543) |
| Transferred from assets held for sale | – | 6,915 | – | – | – | – | 6,915 |
| Depreciation and impairment included in discontinued operations | – | (35,271) | (451) | (218) | – | (1,084) | (37,024) |
| Exchange realignment | – | 292 | 11 | 4 | – | 29 | 336 |
| At 31 December 2020 | 22,376 | 19,728 | 427 | 2,196 | 55,822 | 1,488 | 102,037 |
| **Net carrying amount:** | | | | | | | |
| At 1 January 2020 | 19,514 | 48,529 | 592 | 470 | 85,709 | 36,035 | 190,849 |
| At 31 December 2020 | 18,063 | 11,456 | 186 | 207 | 84,049 | 41,470 | 155,431 |

| | Buildings<br>*RMB'000* | Plant and machinery<br>*RMB'000* | Office equipment<br>*RMB'000* | Motor vehicles<br>*RMB'000* | Mining infrastructure<br>*RMB'000* | Construction in progress ("CIP")<br>*RMB'000* | Total<br>*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 | (91) | 5,313 | 161 | 139 | 4,899 | – | 10,421 |
| 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 |

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 2020** | | | |
| **Cost:** | | | |
| At 1 January and 31 December 2020 | **800,295** | **65,991** | **866,286** |
| **Accumulated amortisation and impairment:** | | | |
| At 1 January 2020 | **129,620** | **–** | **129,620** |
| Amortisation provided during the year *(note 6)* | **1,063** | **–** | **1,063** |
| At 31 December 2020 | **130,683** | **–** | **130,683** |
| **Net carrying amount:** | | | |
| At 1 January 2020 | **670,675** | **65,991** | **736,666** |
| At 31 December 2020 | **669,612** | **65,991** | **735,603** |

| | 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 |

As at 31 December 2020, the mining rights of Maoling Mine with a net carrying amount of RMB19,903,000 (2019: RMB20,966,000) were pledged to secure the Group's bank loans (note 24(a)).

## 13. OTHER INTANGIBLE ASSET

| | **Brand name** |
|---|---:|
| | *RMB'000* |
| **31 December 2020** | |
| **Cost:** | |
| At 1 January 2020 | **8,440** |
| Cost included in discontinued operations | **(8,440)** |
| At 31 December 2020 | **–** |
| **Accumulated amortisation and impairment:** | |
| At 1 January 2020 | **8,303** |
| Amortisation provided during the year from discontinued operations | **17** |
| Impairment recognised for the year from discontinued operations *(note 8(a))* | **120** |
| Accumulated amortisation and impairment included in discontinued operations | **(8,440)** |
| At 31 December 2020 | **–** |
| **Net carrying amount:** | |
| At 1 January 2020 | **137** |
| At 31 December 2020 | **–** |
| **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 | 843 |
| Impairment recognised for the year *(note 8(a))* | 6,545 |
| At 31 December 2019 | 8,303 |
| **Net carrying amount:** | |
| At 1 January 2019 | 7,525 |
| At 31 December 2019 | 137 |

Brand name arose from the acquisition of the business of Mancala Group, whose principal business operations are carried out in Australia.

## 14. LEASES

**The Group as a lessee**

The Group has lease contracts for office premises and various items of plant and machinery used in its operations. During the reporting period, the Group entered into certain long-term lease contracts for items of 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 amounts of the Group's right-of-use assets and the movements during the year 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 from continuing operations | **–** | **8,066** | **8,066** |
| Covid-19-related rent concessions from lessors in continuing operations | **(232)** | **–** | **(232)** |
| Covid-19-related rent concessions from lessors in discontinued operations | **(22)** | **–** | **(22)** |
| Depreciation charged in continuing operations *(note 6)* | **(769)** | **(1,730)** | **(2,499)** |
| Depreciation charged in discontinued operations | **(583)** | **–** | **(583)** |
| Impairment recognised in discontinued operations *(note 8)* | **–** | **(452)** | **(452)** |
| Assets included in discontinued operations *(note 8)* | **(547)** | **–** | **(547)** |
| As at 31 December 2020 | **572** | **6,337** | **6,909** |

| | 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 | (1,158) | – | (82) | (1,240) |
| Impairment recognised during the year | – | (3,588) | – | (3,588) |
| Decrease as a result of disposal of subsidiaries | (1,986) | (19,476) | – | (21,462) |
| As at 31 December 2019 | 2,725 | – | 453 | 3,178 |

***(b) Lease liabilities***

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

| | **2020** ***RMB'000*** | 2019 *RMB'000* |
|---|---|---|
| Carrying amount at 1 January | **2,629** | 4,670 |
| New leases from continuing operations | **8,066** | – |
| New leases from discontinued operations | **–** | 1,051 |
| Accretion of interest recognised during the year from continuing operations *(note 5)* | **330** | 33 |
| Accretion of interest recognised during the year from discontinued operations | **23** | 99 |
| Covid-19-related rent concessions from lessors of continuing operations | **(232)** | – |
| Covid-19-related rent concessions from lessors of discontinued operations | **(22)** | – |
| Payments from continuing operations | **(2,313)** | (445) |
| Payments from discontinued operations | **(562)** | (1,272) |
| Liabilities directly associated with assets included in discontinued operations *(note 8)* | **(656)** | – |
| Decrease as a result of disposal of subsidiaries | **–** | (1,507) |
| Carrying amount at 31 December | **7,263** | 2,629 |
| Analysed into: | | |
| Current portion | **3,945** | 1,254 |
| Non-current portion | **3,318** | 1,375 |

As disclosed in note 2.2 to the financial statements, the Group has early adopted the amendment to IFRS 16 and applied the practical expedient to all eligible rent concessions granted by the lessors for leases of certain plant and equipment during the year.

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

| | 2020 *RMB'000* | 2019 *RMB'000* |
|---|---|---|
| Interest on lease liabilities | | |
| – from continuing operations *(note 5)* | **330** | 33 |
| – from discontinued operations | **23** | 99 |
| Depreciation charge of right-of-use assets | | |
| – from continuing operations *(note 14(a))* | **2,499** | 602 |
| – from discontinued operations *(note 14(a))* | **583** | 638 |
| Expense relating to short-term leases (included in administrative expenses) | **614** | 953 |
| Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution expenses) | **–** | 31 |
| Total amount recognised in profit or loss | **4,049** | 2,356 |

## 15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | *Note* | **31 December 2020** *RMB'000* | **31 December 2019** *RMB'000* |
|---|---|---|---|
| *Current portion:* | | | |
| Prepayments consisting of: | | | |
| Purchase of raw materials | | **705** | 222 |
| Utilities | | **220** | – |
| Prepayment for the use right of a road | | **47** | 47 |
| Other prepayments | | **1,208** | 2,920 |
| Other receivables consisting of: | | | |
| Deductible value added tax input | | **1,708** | 2,784 |
| Other receivables | | **1,409** | 3,248 |
| | | **5,297** | 9,221 |
| Impairment allowance | *(a)* | **(604)** | (606) |
| | | **4,693** | 8,615 |
| *Non-current portion:* | | | |
| Prepayment for the use right of a road | | **538** | 585 |
| Long-term deposit | | **428** | 540 |
| | | **966** | 1,125 |
| | | **5,659** | 9,740 |

*Note:*

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

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At beginning of year | **606** | 33 |
| Impairment losses, net | | |
| – from continuing operations *(note 6)* | **–** | 604 |
| – from discontinued operations *(note 8)* | **–** | 1,479 |
| Amount written off as uncollectible | **(2)** | (1,510) |
| At end of year | **604** | 606 |

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 as at 31 December 2020 ranged 0.0% to 100.0% (2019: 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 2019 | 8,188 | 5,978 | 408 | 2,289 | 738 | 17,601 |
| Deferred tax 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 |
| At 1 January 2020 | 3,799 | 5,640 | 331 | 2,275 | 738 | 12,783 |
| Deferred tax credited/(charged) to profit or loss during the year from continuing operations *(note 7)* | 1,981 | (339) | 348 | (40) | 91 | 2,041 |
| Deferred tax assets at 31 December 2020 | 5,780 | 5,301 | 679 | 2,235 | 829 | 14,824 |

As at 31 December 2020, the Group has tax losses arising from PRC of RMB1,051,268,000 (2019: RMB1,081,481,000) that would expire in one to five years and other deductible temporary differences of RMB119,234,000 (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 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 PRC. 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 PRC and the jurisdiction of the foreign investors. The withholding tax rate for the Group is 10%.

As at 31 December 2020, 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 PRC. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

## 17. INVENTORIES

| | **2020**<br>***RMB'000*** | 2019<br>*RMB'000* |
|---|---|---|
| Raw materials | **3,549** | 8,213 |
| Spare parts and consumables | **2,236** | 1,553 |
| Finished goods | **56** | 125 |
| Others | **–** | 19,554 |
| | **5,841** | 29,445 |
| Provision for inventories | **(27)** | (27) |
| | **5,814** | 29,418 |

## 18. TRADE AND BILLS RECEIVABLES

| | **2020**<br>***RMB'000*** | 2019<br>*RMB'000* |
|---|---|---|
| Trade receivables | **187,702** | 215,357 |
| Impairment | **(11,334)** | (12,813) |
| Trade receivables, net of impairment | **176,368** | 202,544 |
| Bills receivables | **5,392** | – |
| | **181,760** | 202,544 |

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 and a credit term of six months to its trading customers. Trade receivables are non-interest-bearing and unsecured.

As at 31 December 2020, bills receivables of RMB5,120,000 (2019: Nil) were pledged to secure the Group's other loans (note 24(c)).

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:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 3 months | **176,368** | 173,543 |
| 3 to 6 months | **–** | 28,844 |
| 6 to 9 months | **–** | 157 |
| | **176,368** | 202,544 |

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

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At beginning of year | **12,813** | 21,657 |
| Reversal of impairment, net *(note 6)* | **(1,479)** | (8,844) |
| At end of year | **11,334** | 12,813 |

The decrease in the loss allowance was a result of the decrease of expected credit loss rate.

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 2020**

| | **Current** | **Past due** | **Total** |
|---|---|---|---|
| Expected credit loss rate | **2.54%** | **100%** | |
| Gross carrying amount *(RMB'000)* | **180,498** | **7,204** | **187,702** |
| Settlement subsequently *(RMB'000)* | **(17,890)** | **–** | **(17,890)** |
| Carrying amount subject to credit risk exposure *(RMB'000)* | **162,608** | **7,204** | **169,812** |
| Expected credit losses *(RMB'000)* | **4,130** | **7,204** | **11,334** |

As at 31 December 2019

| | Current | Past due | Total |
|---|---|---|---|
| Expected credit loss rate | 3.10% | 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 |

**Transferred financial assets that are derecognised in their entirety**

As at 31 December 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 RMB178,896,316 (2019: RMB218,863,000) (referred to as the "Derecognised Bills"). The Derecognised Bills have a maturity term from three to seven 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.

No gains or losses were recognised from the Continuing Involvement, both during the year and cumulatively. The endorsement of bills receivable have been made evenly throughout the year.

## 19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSIT

| | *Note* | **2020**<br>***RMB'000*** | 2019<br>*RMB'000* |
|---|---|---|---|
| Cash and bank balances | | **32,973** | 26,689 |
| *Less:* pledged time deposits for: | | | |
| Insurance of bills payable | | **25** | – |
| Other payables | *(a)* | **303** | – |
| | | **328** | – |
| Cash and cash equivalents | | **32,645** | 26,689 |

*Note:*

(a) As at 31 December 2020, restricted deposits amounting to RMB303,000 (31 December 2019: Nil) were to secure the Group's other payables to a construction supplier (note 23).

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

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Cash and bank balances denominated in: | | |
| HKD | **614** | 286 |
| USD | **36** | 49 |
| SGD | **101** | 233 |
| VND | **–** | 48 |
| AUD | **–** | 1,852 |

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 bank 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

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Unutilised fixed assets of Specialised Mining Services | **–** | 35,832 |

The balance as at 31 December 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.

## 21. TRADE PAYABLES

An ageing analysis of the trade 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:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 180 days | **24,664** | 60,495 |
| 181 to 365 days | **1,001** | 3,283 |
| 1 to 2 years | **766** | 696 |
| 2 to 3 years | **203** | 24 |
| Over 3 years | **3,859** | 3,965 |
| | **30,493** | 68,463 |

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

## 22. CONTRACT LIABILITIES

| | **31 December 2020** *RMB'000* | 31 December 2019 *RMB'000* | 1 January 2019 *RMB'000* |
|---|---|---|---|
| Short-term advances received from customers | | | |
| Rendering of specialised mining services from discontinued operations | **–** | 5,820 | 5,811 |
| Sale of self-produced high-grade iron concentrates from continuing operations | **2,277** | – | – |
| | **2,277** | 5,820 | 5,811 |

Contract liabilities include short-term advances received from customers in relation to the sale of self-produced products as at 31 December 2020.

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

| | **2020** *RMB'000* | 2019 *RMB'000* |
|---|---|---|
| At 1 January | **5,820** | 5,811 |
| Revenue recognised that was included in the contract liabilities at the beginning of year from discontinuing operations | **(5,820)** | (5,811) |
| Increase due to cash received, excluding amounts recognised as revenue during the year | **2,277** | 5,820 |
| At 31 December | **2,277** | 5,820 |

## 23. OTHER PAYABLES AND ACCRUALS

| | **31 December 2020** *RMB'000* | 31 December 2019 *RMB'000* |
|---|---|---|
| *Current portion:* | | |
| Payables related to: | | |
| Construction in progress | **24,217** | 19,655 |
| Taxes other than income tax | **8,586** | 23,616 |
| Exploration and evaluation assets | **8,922** | 7,456 |
| Payroll and welfare payable | **10,307** | 8,770 |
| Consultancy and professional fees | **2,141** | 4,455 |
| Deposits received | **4** | 4 |
| Accrued government surcharges | **4,529** | 4,529 |
| Accrued interest expenses | **107** | 111 |
| Other payables | **4,441** | 19,794 |
| | **63,254** | 88,390 |
| *Non-current portion:* | | |
| Other payables | **700** | 849 |
| | **700** | 849 |
| | **63,954** | 89,239 |

## 24. INTEREST-BEARING BANK AND OTHER LOANS

| | Notes | 31 December 2020 RMB'000 | 31 December 2019 RMB'000 |
|---|---|---|---|
| Bank loans – Secured | *(a)* | **79,615** | 83,770 |
| Bank loans – Unsecured | *(b)* | **–** | 179 |
| Other loans – Secured | *(c)* | **5,120** | – |
| Other loans – Unsecured | *(d)* | **–** | 15,298 |
| | | **84,735** | 99,247 |
| Current liabilities | | **(84,735)** | (99,247) |
| **Analysed into:** | | | |
| *Bank loans repayable:* | | | |
| Within one year or on demand | | **79,615** | 83,949 |
| *Other loans repayable:* | | | |
| Within one year or on demand | | **5,120** | 15,298 |
| | | **84,735** | 99,247 |

| | 2020 *(Effective interest rate)* | 2019 |
|---|---|---|
| Bank loans | **4.35%** | 2.40%-4.35% |
| Other loans | **5.51%** | 0.00% |

*Notes:*

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

| | 2020 RMB'000 *(Amount of bank loans)* | 2019 RMB'000 |
|---|---|---|
| Mining rights of Maoling Mine | **79,615** | 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 interest rate of 2.4%.

(c) The balance mainly represented the short-term loan granted by a third party to Aba Mining at the annual interest rate of 5.51%. The loan is secured by bills receivable of RMB5,120,000 and due for repayment on or before 29 April 2021.

(d) The balance as at 31 December 2019 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 demand.

As at 31 December 2020, there were no unsecured other loan and bank loan, whereas the secured bank loan and other loan were denominated in RMB. As at 31 December 2019, the unsecured other loan and bank loan were denominated in AUD, whereas the secured bank loan was denominated in RMB.

## 25. PROVISION FOR REHABILITATION

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At beginning of year | **12,847** | 1,833 |
| Unwinding of discount *(note 5)* | **807** | (358) |
| Additions | **–** | 11,372 |
| At end of year | **13,654** | 12,847 |

## 26. SHARE CAPITAL

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Shares** | | |
| **Authorised:** | | |
| 10,000,000,000 (2019: 10,000,000,000) ordinary shares of HKD0.1 each | **880,890** | 880,890 |
| **Issued and fully paid:** | | |
| 2,249,015,410 (2019: 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 2020 | 2,249,015,410 | 197,889 |
| Issue of new shares | – | – |
| At 31 December 2020 | 2,249,015,410 | 197,889 |

## 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 2020, 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:

- While the world was gripped by the global COVID-19 pandemic from the second quarter of 2020, it appeared that China could be the only major economy to have expanded in 2020 that the Chinese economy has rebounded to reach a GDP growth rate of 2.3% for the year of 2020, despite the 6.8% GDP contraction in the first quarter of 2020 and the collapse of the global economy by a negative growth rate of 4.3%;

- Output of crude iron ore in China maintained at a stable level in the later two-thirds of the year after the resumption of business activities, peaking in June and October 2020 with over 78.0 Mt. Similarly, except for the dip in volume in January and February 2020, crude steel output in China grew steadily throughout the year by 5.2% to the record high of 1,053.0 Mt, with the volume in August 2020 exceeding 94.8 Mt;

- Meanwhile, domestic steel consumption soared by 9.6% to the historic high of 981.0 Mt, boosted by policies favourable to investments and stabilising growth in downstream industries such as construction, machinery, and energy;

- In a bid to lessen the reliance on imported iron ores, reduce pollution, and alleviate cost pressure, the China Iron and Steel Industry Association introduced the national standard on recycling iron and steel materials in December 2020, which was implemented on 1 January 2021. The aim is to provide more options for the industry with the adoption of recycled raw materials in steel-making;

- As a result of the resumption of manufacturing and business in 1H2020 in China, the Purchasing Managers' Index ("PMI") in China maintained above the threshold of 50.0 with steady growth. In November 2020, national PMI peaked at 52.1. However, the PMI for the steel sector lingered in the negative growth zone, which was below the 50-point threshold, for most of the time during the year except at the end of May 2020 when it reached 50.9. The average PMI for the Chinese steel sector in 2020 was 46.08;

- As the COVID-19 pandemic raged on in the rest of the world, curtailing industrial activities, China's steel export dropped by 16.5% year-on-year in 2020 to 53.7 Mt, according to the General Administration of Customs of the PRC;

- Iron ore prices skyrocketed during the year due mainly to the sustained pandemic-induced supply shortage from Brazil, which has driven up imported ore prices. After hovering around the 300 marks during the months from February to April 2020, the China Iron Ore Price Index ("CIOPI") compiled by the China Iron and Steel Association climbed as the year went on, and doubled in mid-December 2020 at the historic high of 602.6. In addition, the volume of iron ore imported into China grew by 9.5% to 1,170 Mt in 2020;

- The price of high grade iron ore also spiked. The China 62% TFe Iron Ore Price Index surged by almost 100 points from the lowest trough of 79.8 in February 2020 to the peak of 176.9 in December 2020; and

- Intensifying trade tensions between China and Australia are exerting pressure on business confidence in Australia. As China has been the largest two-way trading partner of Australia, accounting for 27.4% of overall Australian trade, the rapid deterioration of the bilateral ties between these two countries is expected to put a dent on the growth of the Australian economy. However, since China imports over 60% of the iron ores it uses for steelmaking from Australia, the commodity is as yet unlikely to be affected by Chinese policy changes.

## BUSINESS AND OPERATIONS REVIEW

### Market and Strategy Overview

The COVID-19 pandemic, China-US friction, China-Australia trade dispute and the global geopolitical uncertainty have affected the economic activities. The intermittent resurgence of COVID-19 infections has posed unprecedented risks and impacts on various businesses which are already slowing and facing tremendous pressure during the difficult pandemic-hit time. Nationwide lockdowns and travel restrictions in 2020 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 hit to different extent.

The Company previously updated that these restrictions and disruptions caused by the COVID-19 pandemic had affected the productivity and profitability of the High-Fe Mining Operation and trading businesses for 1H2020. On a positive note, the High-Fe Mining Operation and trading businesses have since resumed with notable improvement in its results for 2H2020 compared to 1H2020 as (i) the Group was able to recoup its capacity loss in 1H2020 due to the pandemic and optimise its post-resumption capacity utilisation rates; (ii) domestic demand for high-grade iron concentrates had recovered strongly, buoyed by low inventory level given the intermittently paused mining activities triggered by the pandemic; (iii) the average selling price for high-grade iron concentrates had increased; and (iv) policy-driven infrastructure spending had boosted steel demand in China.

Beyond China, the Group has further noted profound changes in the operating risks of its foreign business unit in Australia which continued to exist under the current complex macro environment during the same period in 2H2020. As such, while responding to the challenges brought about by the global COVID-19 pandemic, the Group also sees the needs to initiate immediate risk mitigation measures and asset rationalisation plans for its Specialised Mining Services. The Group recognises that there have been challenges in managing its foreign mining services business unit which have been cast against a background of present geopolitical flux, global recessionary risks, ongoing market volatility and prolonged travel restrictions. Macroeconomic risks under such circumstances are highly unpredictable and will remain one of the very carefully monitored factors in the Group's decisions to scale down or dispose of its Specialised Mining Services. As a result, the Group has classified its loss-making Specialised Mining Services as a discontinued operation in its financial statements for FY2020 and adopted a conservative approach in recording impairment losses for this business unit during the financial year under review in accordance with IFRSs.

The Group considers that its decision to discontinue the Specialised Mining Services is timely in light of the complex macro and challenging operating environment. This decision further suggests that there is a clear recognition of the Group's strategy to be more focused, productive and efficient in internal resources allocation plans towards achieving a sustainable growth over a longer term in China.

Going forward, the Group will continue to expand its profitable operations of High-Fe Mining Operation and trading businesses while exploring other strategic opportunities, including evaluation of potential business diversification strategies. While overall business recovery in China appears to be encouraging, any recovery plans, pace and path mapped out for implementation during this period of time is likely to be progressive.

The Group remains confident in its focused strategies in China. Barring any dangerous resurgence of COVID-19 cases which may cause major disruptions in its supply chain, the Group expects the progressive economic recovery in China will continue to have a positive impact on its Continuing Operations. Meanwhile, the risks and signs of resurgence are closely monitored.

**Operation and Financial Overview**

During the Reporting Period, the Remaining Group reported lower revenue, which fell by 6.6% to approximately RMB488.1 million for FY2020. The Remaining 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 travel restrictions and supply chain disruptions caused by the COVID-19 pandemic.

Specifically,

- production volume fell by approximately 7.4% due mainly to the Production Suspension during the COVID-19 pandemic;

- average selling price for high-grade iron concentrates increased by approximately 5.7% amid strong demand recovery in the PRC; and

- the Remaining Group's purchase and sales volumes of steel trading activities were approximately 122.5 Kt, representing a rise of approximately 1.7% as compared to FY2019 due mainly to boosted steel demand in China as a result of infrastructure spending that are driven by policies that aim to stimulate the economy.

The Remaining Group recorded a higher gross profit of approximately RMB46.6 million as compared to approximately RMB45.3 million for FY2019. On a comparable basis, gross profit margin improved from approximately 8.7% for FY2019 to approximately 9.5% for FY2020 given the price surge and boost in steel demand in China accompanied by cost control measurements. Administrative expenses, comprising mainly staff cost and overheads, increased by approximately RMB6.5 million to approximately RMB30.5 million for FY2020, as a result of additional resource taxes which arose during the Reporting Period.

Conversely, the pressing macro-factors, among others, the COVID-19 pandemic, US-China trade tensions, and China-Australia diplomatic tensions, have affected the availability of major mining services job 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 in a cautious and prudent manner. As a result of the lower capacity utilisation, slowing demand, weak market conditions and the unprecedented risks relating to the pandemic-hit economic activities, significant impairment losses were recorded by the Specialised Mining Services during the Reporting Period.

As a result, the Remaining Group recorded a net profit after tax of approximately RMB8.3 million (FY2019: RMB11.0 million) while the Disposal Group recorded a net loss after tax of approximately RMB32.7 million (FY2019: profit after tax of approximately RMB49.4 million, out of which, RMB153.0 million was the one-off gain from disposal of Low-Fe Mining Operation).

Combining the above, the Group recorded a Net Loss of RMB17.1 million (FY2019: Net Profit of RMB69.2 million).

## Overview of Mines

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

### *High Fe Mines and Gypsum Mine*

| Mine | Processing Plant | Status as at 31 December 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 | | |
|---|---|---|---|---|---|---|
| | **FY2020** | FY2019 | Change | **FY2020** | FY2019 | Change |
| | ***(Kt)*** | *(Kt)* | *%* | ***(Kt)*** | *(Kt)* | *%* |
| **(i) Trading Sales** | | | | | | |
| Steels | **122.5** | 120.5 | 1.7 | **122.5** | 120.5 | 1.7 |
| Coals | **–** | 6.5 | N/A | **–** | 6.5 | N/A |
| | **122.5** | 127.0 | (3.5) | **122.5** | 127.0 | (3.5) |

| | Production volume (Dry basis) | | | Sales volume (Dry basis) | | |
|---|---|---|---|---|---|---|
| | **FY2020** | FY2019 | Change | **FY2020** | FY2019 | Change |
| | ***(Kt)*** | *(Kt)* | *%* | ***(Kt)*** | *(Kt)* | *%* |
| **(ii) Sale of Self-produced Products** | | | | | | |
| High-grade iron concentrates | | | | | | |
| Maoling Processing Plant | **84.8** | 91.6 | (7.4) | **86.5** | 91.6 | (5.6) |

## Business Risks and Uncertainties

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not known to the Group or which may not be material now but could turn out to be material in the future.

- 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.
- 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: As at 31 December 2020, the Specialised Mining Services were classified as held for sale and as a discontinued operation and the comparatives of which have also been re-presented as a discontinued operation.*

| | FY2020<br>*RMB'000* | FY2019<br>*RMB'000*<br>(Re-presented) | Variance<br>*%* |
|---|---|---|---|
| **REMAINING GROUP** | | | |
| Revenue | **488,135** | 522,370# | (6.6) |
| Cost of sales | **(441,548)** | (477,107) | (7.5) |
| **Gross profit** | **46,587** | 45,263 | 2.9 |
| Other income and gains | **3,864** | 409 | 844.7 |
| Selling and distribution expenses | **(4,572)** | (9,194) | (50.3) |
| Administrative expense | **(30,515)** | (24,041)# | 26.9 |
| Other expenses | **(3,212)** | (417) | 670.3 |
| Reversal of impairment losses, net | **1,479** | 8,240 | (82.1) |
| Finance costs | **(5,598)** | (3,139) | 78.3 |
| **Operating profit before tax from the Remaining Group** | **8,033** | 17,121 | (53.1) |
| Income tax credit/(expense) | **250** | (6,091) | (104.1) |
| **Operating profit after tax from the Remaining Group** | **8,283** | 11,030 | (24.9) |
| **DISPOSAL GROUP** | | | |
| Loss for the year from the Specialised Mining Services | **(32,675)** | (20,229)# | 61.5 |
| Loss for the year from the Low-Fe Mining Operation | **–** | (83,411)# | (100.0) |
| Operating loss after tax from the Disposal Group | **(32,675)** | (103,640)# | (68.5) |
| Net gain on disposal of the Low-Fe Mining Operation | **–** | 152,997 | (100.0) |
| **Profit/(Loss) for the year** | **(24,392)** | 60,387 | (140.4) |

\# *Presented at gross of intra-group transactions as if the disposal of Low-Fe Mining Operation and Specialised Mining Services had taken place on 31 December 2019.*

| | **FY2020** | FY2019 | Variance |
|---|---|---|---|
| | ***RMB'000*** | *RMB'000* | *%* |
| | | (Re-presented) | |
| **ATTRIBUTABLE TO:** | | | |
| Owners of the Company | **(17,054)** | 69,199 | (124.6) |
| Non-controlling interests | **(7,338)** | (8,812) | (16.7) |
| | **(24,392)** | 60,387 | (140.4) |
| **ATTRIBUTABLE TO:** | | | |
| Owners of the Remaining Group | **9,413** | 13,943 | (32.5) |
| Non-controlling interests | **(1,130)** | (2,913) | (61.2) |
| | **8,283** | 11,030 | (24.9) |
| **ATTRIBUTABLE TO:** | | | |
| Owners of the Disposal Group | **(26,467)** | 55,256 | (147.9) |
| Non-controlling interests | **(6,208)** | (5,899) | (5.2) |
| | **(32,675)** | 49,357 | (166.2) |

**Revenue**

Revenue fell to RMB488.1 million for FY2020 (FY2019: RMB522.4 million) due mainly to lower production and sales volume resulting from the Production Suspension. The negative financial impact of the Production Suspension has affected overall revenue of the Continuing Operations during FY2020 but was partly mitigated by the rebound of selling price of high-grade iron concentrates during 2H2020 on demand recovery.

**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 and trading purchase. Cost of sales fell to RMB441.5 million for FY2020 (FY2019: RMB477.1 million) on the back of lower revenues.

**Gross Profit and Margin**

There was a slight improvement in gross profit margin to 9.5% for FY2020 (FY2019: 8.7%) in spite of the Production Suspension in 1H2020. Gross profit increased to approximately RMB46.6 million for FY2020 (FY2019: RMB45.3 million) due to higher profitability from the High-Fe Mining Operation.

## Other Income and Gains

Other income and gains included proceeds of RMB2.0 million derived from the sale of mine tailings and the processing of which has commenced since April 2020.

## Selling and Distribution Expenses

Selling and distribution expenses fell to RMB4.6 million for FY2020 (FY2019: RMB9.2 million) 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, other overheads arising from the Production Suspension and resource taxes. Administrative expenses, including additional resource taxes of RMB8.7 million, increased to RMB30.5 million for FY2020 (FY2019: RMB24.0 million).

## Other Expenses

Other expenses increased to RMB3.2 million for FY2020 (FY2019: RMB0.4 million) due mainly to higher cost of processing mine tailings which has commenced since April 2020. Such initiative aims to reduce possible water loss in the dams and to clean up the existing tailings dams for environmental compliance while allowing part of the mine waste to become saleable.

## Reversal of Impairment Losses, Net

The management of the Group has updated the key assumptions of the business projection in respect of the cash-generating unit ("CGU") of the Remaining Group (the "Remaining Group 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 31 December 2020, the management of the Group is of the opinion that there is no impairment of the Remaining Group 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 Remaining Group CGU may deteriorate to a level which requires accounting impairment as a result of the COVID-19 pandemic.

During the Reporting Period, the reversal of impairment losses amounting to RMB1.5 million was due mainly to reduction in expected credit loss rate after considering all available historical information and forward looking macro-economic factors.

## Finance Costs

Finance costs increased to RMB5.6 million for FY2020 (FY2019: RMB3.1 million) following revision in loan prime rate.

## Income Tax Credit/(Expense)

The Group recorded an income tax credit of RMB0.3 million for FY2020 (FY2019: income tax expense of RMB6.1 million), due to the recognition of deferred tax assets in relation to the unabsorbed tax losses for the High-Fe Mining Operation.

## 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, and intermittent lockdown resulting from resurgence of COVID-19 cases in Australia, where the Specialised Mining Services currently operate, the management of the Group has updated key assumptions in the business projections, including, 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 shelved its expansion plans for the Specialised Mining Services. As a result, impairment loss was recorded on CGU in respect of the Specialised Mining Services 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 CGU may change or result in a decrease in the carrying amount of the CGU given that the business plans are expected to change more rapidly during such period of uncertainty.

In consequence, an impairment loss of RMB29.4 million was recorded for FY2020 (FY2019: RMB14.0 million).

## Profit/(Loss) Attributable to Owners

Given the above, the Group recorded a Net Profit of RMB9.4 million for its Continuing Operations and a Net Loss of RMB26.5 million for its Discontinued Operations. Combining both, the Group reported a Net Loss of RMB17.1 million for FY2020 (FY2019: Net Profit of RMB69.2 million, out of which, RMB153.0 million was the one-off gain from disposal of Low-Fe Mining Operation).

## Final Dividend

The Board does not recommend the payment of a final dividend for FY2020 (FY2019: Nil).

## LIQUIDITY AND CAPITAL RESOURCES

The following table sets out certain information regarding the Group's consolidated statement of cash flows for the years ended 31 December 2020 and 2019:

| | **FY2020** | | FY2019 | |
|---|---|---|---|---|
| | ***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 | | **26,689** | | 33,771 |
| Net cash flows from/(used in) operating activities | **36,842** | | (14,056) | |
| Net cash flows from/(used in) investing activities | **(8,226)** | | 27,204 | |
| Net cash flows used in financing activities | **(4,692)** | | (16,235) | |
| Net increase/(decrease) in cash and cash equivalents | | **23,924** | | (3,087) |
| Effect of foreign exchange rate changes, net | | **(3,440)** | | (3,995) |
| Cash and cash equivalents as stated in the consolidated statement of cash flows at end of the year | | **47,173** | | 26,689 |

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

The Group's net cash flows from operating activities were RMB36.8 million for FY2020 (FY2019: used in operating activities were RMB14.1 million) after accounting for operating profit before working capital changes of RMB31.7 million (FY2019: RMB18.2 million), and positive working capital changes of RMB5.1 million (FY2019: negative working capital changes of RMB31.3 million).

### Net Cash Flows From/(Used In) Investing Activities

The Group's net cash flows used in investing activities were RMB8.2 million for FY2020 (FY2019: from investing activities were RMB27.2 million), due primarily to (i) the upgrade of plant and equipment of approximately RMB15.2 million (FY2019: RMB47.1 million) for production facilities of the High Fe Mines, (ii) net proceeds from the disposal of property, plant and equipment of RMB7.4 million (FY2019: RMB2.5 million), and (iii) net proceeds from the disposal of subsidiaries of RMB Nil for FY2020 (FY2019: RMB84.9 million).

### Net Cash Flows Used In Financing Activities

The Group's net cash flows used in financing activities were RMB4.7 million for FY2020 (FY2019: used in financing activities were RMB16.2 million) as there were reduced repayments of several loans following the 2019 Disposal.

## FINANCIAL POSITION

*Note: Significant changes in financial position during the financial year under review were mainly attributed to the classification of the Specialised Mining Services to assets and liabilities held for sale as at 31 December 2020. Details of the discontinued operations for the year ended 31 December 2020 are set out in note 8 to the financial statements of this announcement. For meaningful analysis, the previous year's amount has been re-presented on a basis that are comparable to FY2020.*

### Inventories

Inventories of the Remaining Group amounting to RMB5.8 million as at 31 December 2020 (FY2019: RMB9.9 million) consists of raw materials and consumables in relation to High-Fe Mining Operation.

### Trade and Bills Receivables

The Remaining Group's trade and bills receivables decreased to RMB181.8 million as at 31 December 2020 (FY2019: RMB188.6 million) on the back of lower revenues.

### Other Receivables

Other receivables of the Remaining Group remain relatively unchanged at RMB4.7 million (FY2019: RMB4.9 million).

### Assets or Liabilities of a Disposal Group Classified As Held For Sale

The assets or liabilities of a disposal group classified as held for sale were RMB77.7 million or RMB85.0 million, respectively, relate to Specialised Mining Services which have been classified as held for sale as at 31 December 2020.

### Trade Payables

The Remaining Group's trade payables decreased to RMB30.5 million as at 31 December 2020 (FY2019: RMB40.8 million) due mainly to payment to suppliers. Overall creditors turnover days remain relatively unchanged at 40 days (FY2019: 40 days).

### Bank and Other Loans

Total bank and other loans of the Remaining Group remain relatively stable at RMB84.7 million as at 31 December 2020 (FY2019: RMB83.8 million). As at 31 December 2020, all bank and other 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.

**Contract Liabilities**

Contract liabilities of the Remaining Group amounting to RMB2.3 million as at 31 December 2020 (FY2019: Nil) include short-term advances received from customers in relation to the sale of self-produced products.

**Lease Liabilities**

This related to payment obligations in relation to the right-of-use assets which comprised mainly office premises and tailings management facilities, which increased to RMB7.3 million as at 31 December 2020 (FY2019: RMB1.4 million).

**Contingent Liabilities**

As at 31 December 2020, the maximum amount of contingent liabilities of the Company was RMB730.0 million, which represent the maximum guaranteed amount under the CVT Guarantees. The CVT Guarantees were provided by the Company prior to the 2019 Disposal to guarantee the indebtedness of the Caitong 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 announcements of the Company dated 30 July 2019 and 29 July 2020, the Company's obligations under the CVT Guarantees have been counter-indemnified by Chengyu Vanadium Titano. Save for the above, as at 31 December 2020, the Group did not have any other contingent liabilities.

**Pledge of Assets**

The Group's pledge of assets as at 31 December 2020 mainly related to a short-term bank loan of RMB79.6 million granted by Shanghai Pudong Development Bank Chengdu Branch to Aba Mining, which was secured by the mining right of Maoling Mine.

**Foreign Currency Risk**

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

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

The following table demonstrates the sensitivity to a 5.0% change in RMB against HKD, USD, AUD, SGD and VND, respectively. The 5.0% is the rate used when reporting currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign currency rate. The sensitivity analyses of the Group's exposure to foreign currency risk at the end of each reporting period have been determined based on the adjustment of translation of the monetary assets and liabilities at the end of each reporting period for a 5.0% change in RMB against HKD, USD, AUD, SGD and VND, respectively, with all other variables held constant, of the Group's loss before tax for the year ended 31 December 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 | 764 |
| If RMB weakens against HKD, USD, AUD, SGD and VND | (764) |

**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 31 December 2020 and 2019.

**Capital Expenditure**

The Group's total capital expenditure decreased significantly by RMB22.3 million to RMB19.8 million for FY2020 (FY2019: RMB42.1 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 31 December 2020, gearing ratio was approximately 6.1% (FY2019: 7.4%).

## EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2020, the Group had a total of 191 dedicated full time employees (31 December 2019: 184 employees), including 10 management staff members, 15 technical staff members, 41 administrative and sales & marketing staff members, and 125 operational staff members. For FY2020, the Group employee benefit expenses (including Directors' remuneration in the form of fees, salaries and other allowances) were approximately RMB28.5 million (FY2019: RMB69.6 million).

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

## OTHER SIGNIFICANT EVENTS

### Outbreak of COVID-19 Pandemic

The Group has previously updated that the unprecedented COVID-19 pandemic had adversely affected the market sentiment, caused business uncertainty and posed significant risks on the pace of demand recovery for many industries in China and beyond due to major supply chain disruptions. For further details, please refer to announcements of the Company on 7 February 2020, 9 March 2020, 27 March 2020 and 23 April 2020.

Notably, the impact brought about by COVID-19 pandemic was not uniform across markets due to differences in the timing and duration of lockdowns in affected countries. The High-Fe Mining Operation and trading businesses have progressively reverted to pre-COVID-19 levels. Conversely, the operation of the Specialised Mining Services that mainly took place in Australia remains a considerable uncertainty.

Amid the deteriorating global economic activities as a result of the COVID-19 pandemic, conditions are volatile. 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 uncertain. Given these uncertainties and the risks of resurgence of COVID-19 infections, the adverse impact on the economic activities could be more acute and protracted than expected. As a result, the Group has been more cautious and prudent concerning additional impairment during the fair values assessment of its existing CGUs and assets held-for-sale.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 24 June 2021 to Tuesday, 29 June 2021 (both days inclusive) during which no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the 2021 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, 23 June 2021.

## EXTRACT OF CHAIRMAN'S STATEMENT

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

***"Outlook and Strategies***

*Going forward, we will continue to position our High-Fe Mining Operation and trading businesses for greater scales in China, as encouraged by its improved financials in 2H2020. While expanding these profitable operations, productivity gain remains as our key priority.*

*In the meantime, we are also well aware that the key stakeholders expect mining industry to be constantly proactive, productive, profitable, sustainable and responsible that, being able to simply procure jobs and produce highest volumes at lowest costs may no longer be considered as operationally optimal – this implies capital-intensive investments in environmental risk management for our industry. Whilst this is not something new for good cause, we will have to manage these increasingly higher budgets amidst the pandemic-hit time. More recently, we note that the Chinese government aims to increase the use of scrap in steelmaking over the next five years in order to reduce its heavy reliance on iron ore and cut carbon emission. While we are still observing the progress, industry players believe that this move will release the steel industry from the grip of skyrocketing iron ore prices which may have a direct impact on the upstream operations of the mining industry over a longer term.*

*Apart from our expansion plans in China, we have been very cautious in our capital allocation decision. Elsewhere, we have been avoiding additional investments in those business activities which create little value. During the year, we made a firm decision to discontinue the loss-making Specialised Mining Services in Australia – while we could possibly choose to support continuously – just because we can afford does not mean we should, given the complex macro environment. The underperforming assets would impede our overall financial growth which thus requires us to set priorities under the current circumstances.*

*In allocating our internal resources, we continue to believe that the long-term fundamentals of the Chinese economic growth will remain as a key driving factor for our strategic plans, including potential business diversification strategies. Our key strategy is to deliver what we perceive to be a "focused growth" and this means focusing on opportunities in China at this point in time for obvious reasons. We remain confident in our focused strategies but we think the pace and path mapped out for implementation should be progressive rather than aggressive, barring any dangerous resurgence of COVID-19 cases. Meanwhile, such risks and signs of resurgence are closely monitored, as reiterated."*

## 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 2020, the Company has complied with the code provisions under the CG Code except for code provisions A.4.1 and E.1.2.

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 E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. 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.

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

Throughout the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2020 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 2020.

## GLOSSARY

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| "1H2020" | the 6 months period ended 30 June 2020 |
| "2019 Disposal" | the sale transaction of the Caitong Group from Sichuan Lingyu to Chengyu Vanadium Titano which was entered into on 29 January 2019 and completed on 30 July 2019 |
| "2020 AGM" | the Shareholders' annual general meeting held on 16 June 2020 |
| "2021 AGM" | the Shareholders' annual general meeting to be held on 29 June 2021 |
| "2H2020" | the 6 months period ended 31 December 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 |
| "Board" | the board of Directors |
| "BVI" | The British Virgin Islands |
| "Caitong Group Companies" | any company(ies) in the Caitong Group |
| "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 |

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| "Companies Law" | the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands |
| "Completion" | Completion of the 2019 Disposal on 30 July 2019 |
| "connected person(s)" | has the meaning ascribed thereto in the Listing Rules |
| "Continuing Operations" | operations of the Remaining Group |
| "Controlling Shareholder(s)" | has the meaning ascribed thereto in the Listing Rules and in the context of this announcement, refers to Trisonic International, Kingston Grand, Messrs. Wang Jin, Shi Yinjun, Yang Xianlu, Wu Wendong, Zhang Yuangui and Li Hesheng |
| "CVT Guarantees" | guarantees given by the Company in favour of the Caitong Group guaranteeing, inter alia, the indebtedness owing by the Caitong 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 or any one of them |
| "Disposal Group" | refers to the Caitong Group and / or the Mancala Group, as applicable |
| "Discontinued Operations" | refers to operation of the Low-Fe Mining Operation from 1 January 2019 up to the date of Completion and operation of the Specialised Mining Services for the years ended 31 December 2020 and 2019, as applicable |
| "Fe" | chemical symbol of iron element |
| "FY2019" | financial year ended and/or as at 31 December 2019, as applicable |
| "FY2020" | financial year ended and/or as at 31 December 2020, as applicable |
| "Group" | the Company and its subsidiaries |

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| "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 |
| "High-Fe Mining Operation" | refers to operation of sale of self-produced high-grade iron concentrates within the range of 65% TFe to 72% TFe |
| "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 |
| "IFRSs" | International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board and the International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect |
| "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 |
| "Kingston Grand" | Kingston Grand Limited, a company incorporated in the British Virgin Islands on 20 February 2007, holder of 40% of the issued share capital of Trisonic International |

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| "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 Mining Operation" or "Caitong Group" | refers to Huili Caitong and its subsidiaries, namely Xiushuihe Mining and Panzhihua Yixingda, which engage in sale of self-produced low-grade iron concentrates within the range of 53% TFe to 55% TFe and has been disposed of on 30 July 2019 |
| "Mancala Asia" | Mancala Asia Ltd, a limited liability company incorporated in Hong Kong on 26 March 2013 and a subsidiary of the Company, in which the Company indirectly owns 81% equity interest |
| "Mancala Holdings" | Mancala Holdings Limited, the legal and beneficial owner of the entire issued share capital of MHPL |
| "Mancala Mining" | Mancala Mining Pty Ltd, a limited liability company incorporated in Australia on 9 June 1992 and a subsidiary of the Company, in which the Company indirectly owns 81% equity interest |
| "Mancala Pty" | Mancala Pty Ltd, a limited liability company incorporated in Australia on 15 March 1989 and a subsidiary of the Company, in which the Company indirectly owns 81% equity interest |
| "Mancala Services" | Mancala Mine Services Pty Ltd, a limited liability company incorporated in Australia on 21 August 2003 and a subsidiary of the Company, in which the Company indirectly owns 81% equity interest |
| "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. |

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| "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 |
| "MCL Vietnam" | MCL Vietnam Industries Company Limited, a limited liability company incorporated in Vietnam on 14 May 2013 and a subsidiary of the Company, in which the Company indirectly owns 39.69% equity interest |
| "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 |
| "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 |
| "Remaining Group" | the Company and its subsidiaries excluding the Caitong Group and the Mancala Group |
| "Renminbi" or "RMB" | the lawful currency of the PRC |
| "Reporting Period" | the year ended 31 December 2020 |

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| "Specialised Mining Services" or "Mancala Group" | refer to Mancala Holdings Limited and its subsidiaries namely MHPL, Mancala Pty, Mancala Mining, Mancala Services, Spectrum Resources, Mancala Asia and MCL Vietnam which provide specialised mining services and its entire assets and liabilities have been classified as held for sale as at 31 December 2020 |
| "Spectrum Resources" | Spectrum Resources Australia Pty Ltd, a limited liability company incorporated in Australia on 19 February 1987 and a subsidiary of the Company, in which the Company indirectly owns 81% equity interest |
| "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 |
| "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 |
| "Singapore dollars" or "SGD" | the lawful currency of the Republic of Singapore |
| "sq.km." | square kilometres |
| "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 |
| "Wenchuan County" | Wenchuan County, Aba Prefecture, Sichuan Province |

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| "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 owns 95.0% equity interest through Huili Caitong till 30 July 2019 |
| "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*

Yours faithfully,
For and on behalf of the Board
**China Vanadium Titano-Magnetite Mining Company Limited**
**Teh Wing Kwan**
*Chairman*

Hong Kong, 26 March 2021

*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*