Wanguo International Mining Group Limited
萬國國際礦業集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3939)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHT:

	Year ended 31 December		
	2020	2019	**Increase/**
	RMB'000	*RMB'000*	**(Decrease)**
Revenue	**1,394,144**	311,155	348.0%
Cost of sales	**(1,236,735)**	(202,855)	509.5%
Gross profit	**157,409**	108,300	45.3%
Gross profit margin	**11.3%**	34.8%	(23.5%)
Profit before tax	**100,908**	65,450	54.0%
Profit attributable to owners of the Company	**86,711**	55,539	56.2%

- Revenue increased by 348.0% to approximately RMB1,394.1 million.
- Gross profit increased by 45.3% to approximately RMB157.4 million.
- Gross profit margin decreased by 23.5% to 11.3%.
- Profit attributable to owners of the Company increased by 56.2% to approximately RMB86.7 million.
- Basic earnings per share was RMB12.0 cents (2019: RMB7.7 cents).
- The Board recommended the payment of a final dividend of RMB2.98 cents (equivalent to approximately HK$3.54 cents) per share (2019: nil).

The board (the "**Board**") of directors (the "**Directors**") of Wanguo International Mining Group Limited (the "**Company**") is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2020 together with comparative figures for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*4*	**1,394,144**	311,155
Cost of sales		**(1,236,735)**	(202,855)
Gross profit		**157,409**	108,300
Other income	*5*	**3,693**	2,275
Other gains and losses	*6*	**5,693**	3,014
Distribution and selling expenses		**(3,133)**	(3,024)
Administrative expenses		**(53,084)**	(37,574)
Finance costs	*7*	**(9,670)**	(7,541)
Profit before tax		**100,908**	65,450
Income tax expense	*8*	**(16,021)**	(10,044)
Profit for the year	*9*	**84,887**	55,406
Other comprehensive income for the year			
– Exchange differences arising on translation of a foreign operation, which may be reclassified subsequently to profit or loss		**5,814**	(200)
Total comprehensive income for the year		**90,701**	55,206
Profit for the year attributable to:			
Owners of the Company		**86,711**	55,539
Non-controlling interests		**(1,824)**	(133)
		84,887	55,406
Total comprehensive income attributable to:			
Owners of the Company		**92,525**	55,339
Non-controlling interests		**(1,824)**	(133)
		90,701	55,206
Earnings per share			
Basic *(RMB cents)*	*10*	**12.0**	7.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**468,302**	438,219
Right-of-use assets		**57,253**	58,965
Mining right	*12*	**295,256**	13,690
Exploration and evaluation assets	*13*	**190,824**	187,436
Other intangible asset		**319,288**	319,288
Intangible assets		**4,148**	4,249
Deposit for purchase of property, plant and equipment		**8,786**	725
Deposits for acquisitions	*14*	**–**	184,338
Deferred tax assets		**3,860**	3,897
Restricted bank balances		**2,662**	2,654
		1,350,379	1,213,461
CURRENT ASSETS			
Inventories		**9,421**	9,275
Trade and other receivables	*15*	**53,776**	36,086
Bank balances and cash			
– cash and cash equivalents		**36,662**	4,662
– restricted bank balances		**4,000**	–
		103,859	50,023
CURRENT LIABILITIES			
Trade and other payables	*16*	**99,746**	98,693
Contract liabilities		**49,821**	57,262
Lease liabilities		**205**	330
Amounts due to related parties	*17*	**29,148**	37,977
Consideration payable to a former non-controlling shareholder of a subsidiary		**57,936**	32,806
Dividend payable		**–**	20,000
Tax payable		**11,055**	7,823
Bank borrowings	*18*	**62,207**	33,876
		310,118	288,767
NET CURRENT LIABILITIES		**(206,259)**	(238,744)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,144,120**	974,717

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Consideration payable to a former non-controlling shareholder of a subsidiary		**–**	27,262
Bank borrowings	*18*	**45,500**	16,000
Lease liabilities		**–**	218
Deferred income		**8,652**	9,842
Deferred tax liabilities		**84,092**	85,142
Provisions for restoration costs		**6,492**	5,746
		144,736	144,210
CAPITAL AND RESERVES			
Share capital	*19*	**58,882**	58,882
Reserves		**653,707**	561,182
Equity attributable to owners of the Company		**712,589**	620,064
Non-controlling interests		**286,795**	210,443
TOTAL EQUITY		**999,384**	830,507
		1,144,120	974,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The principal activity of the Company is investment holding. A principal subsidiary of the Company, Jiangxi Province Yifeng Wanguo Mining Company Ltd ("**Yifeng Wanguo**"), located in Jiangxi Province, the PRC, is engaged in mining and processing of ores and sales of processed concentrates in the PRC.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Company and its subsidiaries (the "**Group**") in light of the fact that as at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately RMB206,259,000; and had capital commitments contracted for but not provided in the consolidated financial statements of approximately RMB77,899,000, of which approximately RMB55,789,000 is due for payment in the next twelve months from the end of the reporting period.

The events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have performed an assessment of the Group's future liquidity and cash flows, taking into account the following relevant matters:

(i) Mr. Gao Mingqing, substantial shareholder and executive director of the Company, had committed to further support the Group financially to enable it to meet its financial obligations as they fall due for the foreseeable future.

(ii) On 1 March 2021, the Company has received consideration of HKD235,440,000 (equivalent to approximately RMB196,550,000) from the subscriber of the issuance and allotment of subscription shares by the Company under the general mandate, pursuant to the Company's fulfillment of conditions of the Subscription Agreement dated 29 December 2020.

(iii) Bank borrowings of approximately RMB62,207,000 will be due in 2021 or contain a repayment on demand clause and the directors are confident that the Group is able to extend approximately RMB56,000,000 of the bank borrowings in full upon their maturity, and the banks will not demand for early repayment with regard to approximately RMB3,207,000 of bank borrowing containing a repayment on demand clause, based on the past history of renewals and good relationship of the Group with the banks.

(iv) Amounts due to related parties of approximately RMB29,148,000 as at 31 December 2020 are repayable on demand. Since the related parties are substantial shareholders of the Company or controlled by the substantial shareholders of the Company, the directors of the Company are confident that the related parties will not demand for repayment until the Group has improved its liquidity position.

The directors of the Company consider that after taking into account the abovementioned financing plans and financial supports of the substantial shareholders, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early adopted the Amendment to HKFRS 16 Covid-19-Related Rent Concessions.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "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, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The Group has elected to apply the optional concentration test on the acquisition of AXF Gold Ridge Pty Ltd and concluded that such acquisition does not constitute a business.

2.3 Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures.

The amendments had no impact on the consolidated financial statements of the Group.

2.4 Impacts on early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- 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;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained profits at 1 January 2020. The Group has benefited from concession of lease payments on a lease in a leased property. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of approximately RMB26,000, which has been recognised as variable lease payments in profit or loss for the current year.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 *Reference to the Conceptual Framework*

The amendments:

- update a reference in HKFRS 3 Business Combinations so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "**Conceptual Framework**") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 Levies, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS *16 Interest Rate Benchmark Reform – Phase 2*

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform – Phase 2* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and (Note)

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying *HKAS 32 Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2020, and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities as at 31 December 2020.

Amendments to HKAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRSs *Annual Improvements to HKFRSs 2018-2020*

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

HKAS 41 Agriculture

The amendment ensures consistency with the requirements in HKFRS 13 Fair Value Measurement by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance ("**HKCO**").

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its investment with the investee; and

- has the ability to use its power to affect its returns.

The Group reassess 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 listed above.

Consolidation of a subsidiary begins with the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with Group's accounting policies.

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

4. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("**CODM**"), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance.

The CODM reviews the overall results and financial position of the Group as a whole based on the same accounting policies. Accordingly, the Group has only one operating segment.

The Group operates in, and all revenue is generated from, the PRC. The Group's principal non-current assets are located in the PRC and Solomon Islands.

Revenue represents revenue arising from sales of processed concentrates of various metals and trading of electrolytic copper and metal concentrates. All of the revenue of the Group is recognised on a point in time when the customers obtain control of the goods. An analysis of the Group's revenue from its major products for the reporting period is as follows:

	2020	2019
	RMB'000	*RMB'000*
Disaggregation of revenue from contracts with customers:		
By types of major products		
– Copper concentrates	**147,545**	110,901
– Zinc concentrates	**89,296**	58,091
– Iron concentrates	**62,497**	55,116
– Sulfur concentrates	**13,118**	12,102
– Gold in copper concentrates	**24,724**	13,632
– Gold in lead concentrates	**24,010**	14,041
– Lead concentrates	**7,333**	7,715
– Silver in lead concentrates	**13,361**	9,316
– Silver in copper and zinc concentrates	**14,282**	6,983
– Copper in lead concentrates	**4,613**	3,994
– Gold in zinc concentrates	**613**	59
– Sulfur and iron concentrates	**1,486**	–
– Electrolytic Copper	**991,266**	19,205
	1,394,144	311,155
By revenue source		
– Own mined products	**364,678**	291,950
– Sourced outside		
– Copper concentrates	**5,252**	–
– Zinc concentrates	**29,139**	–
– Gold in zinc concentrates	**1,416**	–
– Silver in copper and zinc concenetrates	**2,393**	–
– Electrolytic copper	**991,266**	19,205
	1,029,466	19,205
	1,394,144	311,155

Performance obligations for contracts with customers

Revenue from sales of processed concentrates of various metals

The Group's sales of the processed concentrates of various metals to mineral trading enterprises is recognised when control of the goods has been transferred, being when the goods have been shipped to the customers' specific locations (delivery) or when they are collected by customers at the Group's ore processing plant at their choices. A contract liability is recognised for sales receipts in which revenue has yet been recognised. In each transaction, a sample of the ore concentrates is inspected to determine the mineral content to be adopted as the basis of calculation of transaction price. The directors of the Company consider that in general the grades of the Group's concentrates products can meet the customers' requirements and no further processing is required to improve the grades of the goods before delivery to or collection by its customers.

Revenue from trading of electrolytic copper and other metal concentrates sourced outside

Revenue from trading of electrolytic copper and other metal concentrates sourced outside is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (i.e. upon delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for processed concentrates and trading of electrolyte copper and other material concentrates sourced outside such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of processed concentrates that had an original expected duration of one year or less.

Information about major customers

Revenues from customers of the corresponding periods contributing over 10% of the total sales of the Group are as follows:

	2020	2019
	RMB'000	*RMB'000*
Customer A[5]	**528,070**	–
Customer B[5]	**188,249**	–
Customer C[5]	**169,735**	–
Customer D[1]	**–**	47,864
Customer E[3]	**N/A**[4]	49,495
Customer F[2]	**N/A**[4]	33,488
Customer G[3]	**N/A**[4]	35,584

1 Revenue for sales of copper concentrates, gold and silver in copper concentrates and zinc concentrates

2 Revenue for sales of lead concentrates, gold, silver and copper in lead concentrates

3 Revenue for sales of copper concentrates, gold and silver in copper concentrates

4 The corresponding revenue did not contribute 10% or more of the total revenue of the Group in the respective year

5 Revenue for sales of electrolytic copper

5. OTHER INCOME

	2020	2019
	RMB'000	*RMB'000*
Government grants:		
– Related to assets *(note i)*	**1,190**	1,200
– Others *(note ii)*	**1,671**	563
Bank interest income	**116**	453
Others	**716**	59
	3,693	2,275

Notes:

(i) Amount represents the amount granted by a municipal government in the PRC to Yifeng Wanguo for mining technology improvement and is released to profit or loss over the expected useful lives of the relevant assets resulting from the mining technology improvement.

(ii) During the year ended 31 December 2020, the government grants included approximately RMB96,000 incentives received from a local governmental authority by Yifeng Wanguo as immediate financial support for fulfilment of, among other conditions, certain retention criteria of local employees as required by the relevant governmental authority, and also included approximately RMB180,000 financial incentives received by Yifeng Wanguo for foreign investment. The amount also included COVID-19 related financial incentive received from the Australian government by Wanguo Australia International Group Pty Limited ("**Wanguo Australia**") of AUD279,000 (equivalent to approximately RMB1,326,000). No future related cost is expected to be incurred nor related to any assets for the above government grants. During the year ended 31 December 2019, the amount primarily represents the incentives received by Yifeng Wanguo where no future related cost is expected to be incurred nor related to any assets.

6. OTHER GAINS AND LOSSES

	2020	2019
	RMB'000	*RMB'000*
Net foreign exchange gain	**5,347**	3,044
Gain/(loss) on disposal of property, plant and equipment	**46**	(30)
Reversal of provision for bad debts	**300**	–
	5,693	3,014

7. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest on bank borrowings	**5,762**	5,556
Imputed interest expenses on consideration payable to a former non-controlling shareholder of a subsidiary	**3,868**	1,912
Interest on lease liabilities	**40**	73
	9,670	7,541

8. INCOME TAX EXPENSE

	2020	2019
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("**EIT**")		
– Current year	**15,984**	9,026
– Overprovision in prior years	**–**	(1,308)
– Withholding tax	**1,050**	–
	17,034	7,718
Deferred tax	**(1,013)**	2,326
	16,021	10,044

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits subject to Hong Kong Profits Tax during both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of EIT Law, the tax rate of the subsidiaries established in the PRC was 25% during both years, except for as set out below.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

During the year ended 31 December 2018, Yifeng Wanguo was approved as an enterprise that satisfied the conditions as high and new technology enterprises and obtained the Certificate of High and New Technology Enterprises in August 2018, and is entitled to a preferential enterprise income tax rate of 15% for 2018, 2019 and 2020.

In addition, pursuant to the relevant rules and regulations, certain qualified research and development costs incurred by the Group during the year and endorsed by a local tax authority in the PRC is eligible for further deduction for PRC EIT up to 75% of the relevant costs incurred.

9. PROFIT FOR THE YEAR

	Note	**2020** **_RMB'000_**	2019 *RMB'000*
Profit for the year has been arrived at after charging:			
Directors' emoluments		**3,992**	3,958
Other staff costs		**39,554**	25,882
		43,546	29,840
Retirement benefit scheme contributions, excluding those of directors		**768**	1,340
Total staff costs	*(i)*	**44,314**	31,180
Depreciation of property, plant and equipment	*(ii)*	**34,515**	31,856
Less: Capitalisation to construction in progress		**(821)**	–
		33,694	31,856
Depreciation of right-of-use assets		**1,699**	1,695
Amortisation of mining right	*(iii)*	**1,067**	1,065
Amortisation of intangible asset		**101**	–
Total depreciation and amortisation		**36,561**	34,616
Auditor's remuneration (including audit and non-audit services)		**1,320**	1,175
Research and development costs	*(i), (ii)*	**13,812**	12,704
Less: Capitalisation to development costs		**–**	(4,249)
		13,812	8,455
Cost of inventories recognised as an expense	*(i), (ii), (iii)*	**1,236,735**	202,855

(i) Total staff costs amounting to approximately RMB16,042,000 (2019: RMB14,926,000) are included in cost of inventories; amounting to approximately RMB20,400,000 (2019: RMB9,510,000) are included in administrative expenses; amounting to approximately RMB452,000 (2019: RMB419,000) are included in distribution and selling expenses, and approximately RMB7,420,000 (2019: RM6,325,000) are included in research and development costs in administrative expenses.

(ii) Depreciation of property, plant and equipment amounting to approximately RMB27,208,000 (2019: RMB26,068,000) are included in cost of inventories; amounting to approximately RMB4,441,000 (2019: RMB3,608,000) are included in administrative expenses and amounting to approximately RMB2,045,000 (2019: RMB2,180,000) are included in research and development costs in administrative expenses.

(iii) Amortisation of mining right is included in cost of inventories.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2020	2019
Earnings figures are calculated as follows:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share *(in RMB'000)*	**86,711**	55,539
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(in thousand)*	**720,000**	720,000

No diluted earnings per share are presented as there were no potential ordinary shares in issue during both years.

11. DIVIDEND

During the reporting period, the Company recognised the following dividends as distribution:

	2019 *RMB'000*
Final dividend for the year ended 31 December 2018 of RMB2.78 cents	20,000

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of RMB2.98 cents (2019: Nil) per ordinary share, in an aggregate amount of approximately RMB24,700,000 (2019: Nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

Final dividend for the year ended 31 December 2018 was paid on 31 March 2020.

12. MINING RIGHTS

	2020	2019
	RMB'000	*RMB'000*
COST		
At beginning of the year	**22,233**	22,233
Addition on acquisition of subsidiaries	**260,579**	–
Effect of foreign currency exchange differences	**22,054**	–
At end of the year	**304,866**	22,233
AMORTISATION		
At beginning of the year	**8,543**	7,478
Provided for the year	**1,067**	1,065
At end of the year	**9,610**	8,543
CARRYING VALUES	**295,256**	13,690

At 31 December 2019, the mining right represents the right to conduct mining activities in the Xinzhuang Mine in Jiangxi Province, the PRC, and has legal life of 26 years to 2032. Upon acquisition of AXF Gold Ridge Pty Ltd on 30 April 2020, the Group's mining rights also included the right to conduct mining activities in respect of Gold Ridge Project on Guadalcanal in the Solomon Islands and has legal life of 15 years to 2034.

The mining rights are amortised using the unit of production method based on the actual production volume over the estimated total proven and probable reserves of the ore mines within the terms of licence. The extension of the mining period and the enlargement of the annual production limit may change the total proven and probable reserves of the ore mine over the terms of the licenced period.

As at 31 December 2020, the mining right in the Xinzhuang Mine with carrying amount of approximately RMB12,623,000 (2019: unpledged) was pledged to a bank to secure loan facilities granted to the Group.

Impairment test on mining projects in Yifeng, Jiangxi Province, the PRC ("Yifeng Projects")

As at 31 December 2020, the mining right in the Xingzhuang Mine with carrying amount of approximately RMB12,623,000 (2019: Unpledged) was pledged to a bank to secure loan facilities granted to the Group.

In view of significant adverse changes in the economic environment in which the Group operates, the directors of the Company have performed impairment assessment on the property, plant and equipment with carrying amount of approximately RMB415,715,000 (2019: RMB428,649,000), mining right with carrying amount of approximately RMB12,623,000 (2019: RMB13,690,000), right-of-use assets with carrying amount of approximately RMB57,076,000 (2019:RMB58,455,000) and intangible assets with carrying amount of approximately RMB4,148,000 (2019: RMB4,249,000), with aggregate carrying amount of approximately RMB489,562,000 (2019: RMB505,043,000) which belong to the Yifeng Projects being carried out in the Xinzhuang Mine. Management's assessment of the recoverable amount of these assets was performed on the Yifeng Projects as a single CGU. The Group's own mined metallic concentrate are produced by the Yifeng Projects. The recoverable amounts of this CGU has been determined by the directors of the Company based on value-in-use calculations. The pre-tax discount rate in measuring the amount of value in use is 18% per annum in relation to this CGU (2019: 16% per annum). The discounted cash flow analysis used cash flow projections for a period of 12 years to year 2032 (2019: 13 years to year 2032), which is according to legal life of the mining right with a growth rate of 2% (2019: 3%) per annum being applied for estimated selling prices, direct costs and expenses. The growth rate reflects the long-term growth rate for the country in which the entity of the CGU operates. The key assumptions also include budgeted sales and budgeted gross margins based on past performance and management expectations of market development, and estimated mineral resources reserves of the Xinzhuang Mine based on a technical report. There has been no change from the valuation technique used in prior year. As a result of the impairment assessment, no impairment loss had been recognised in respect of the property, plant and equipment, mining right, right-of-use assets and intangible assets in relation to the Yifeng Projects during the year ended 31 December 2020 (2019: Nil). Management believes that any reasonably possible change in any of above assumptions would not cause the carrying amount of this CGU to exceed the recoverable amount of this CGU.

Impairment test on Gold Ridge Project

The directors of the Company have performed impairment assessment on the mining right with carrying amount of approximately RMB282,633,000 and property, plant and equipment with carrying amount of approximately RMB42,605,000 of Gold Ridge Project for gold production. Management's assessment of the recoverable amount of this asset was performed on Gold Ridge Project as a single CGU. The recoverable amount of this CGU has been determined by an independent professional valuer, Golder Associates Consulting Ltd, based on fair value less cost of disposals calculations which is determined by discounted cash flow approach. The post-tax discount rates in measuring the amount of fair value less cost of disposal is 23% per annum in relation to this CGU. As a result of the impairment assessment, no impairment loss had been recognised in respect of the mining right of the Gold Ridge Project during the year ended 31 December 2020.

The key assumptions for the fair value less cost of disposal calculation are those regarding the discount rate of 23%, zero growth rate being applied for estimated selling prices, direct costs and expenses, and budgeted production plan of 14 years from 2021 to 2034, which is according to the legal life of the mining right. The discount rate had been determined based on the market comparables. The growth rate reflects the long-term growth rate for the country in which the entity of the CGU operates. The budgeted production plan had been determined based on the management's expectation for the market development, technical report, feasibility study of the above mine and the expected production capacity of the relevant cash generating unit.

Apart from the considerations described above in determining the fair value less cost of disposal of the cash-generating unit, the Group's management is not currently aware of any other probable changes that would necessitate changes in these key assumptions. However, the estimate of recoverable amount of the Group's cash generating units is particularly sensitive to the discount rate applied.

The fair values less cost of disposal of this cash generating unit is classified as level 3 measurement.

13. EXPLORATION AND EVALUATION ASSETS

	RMB'000
COST	
At 1 January 2019	184,548
Additions	2,888
At 31 December 2019	187,436
Additions	3,388
At 31 December 2020	190,824

The exploration and evaluation assets represent all costs directly associated with exploration and evaluation and are initially capitalised. As at 31 December 2020 and 2019, the exploration and evaluation assets related to costs of the activities which occurred in the area of Changdu, Tibet Autonomous Region, the PRC, which is the principal place of business of Xizang Changdu.

During the current year, the Group incurred costs directly associated with the exploration and evaluation assets of approximately RMB3,388,000 (2019: RMB2,888,000).

14. DEPOSITS FOR ACQUISITIONS

On 16 July 2017, the Group entered into a share sales and purchase agreement with AXF Resources Pty Limited ("**AXF Resources**") pursuant to which the Company has conditionally agreed to acquire, and AXF Resources has conditionally agreed to dispose of 61.1% equity interest of AXF Gold Ridge Pty Limited ("**AXF Gold Ridge**").

On 20 February 2018, the Group and AXF Resources entered into a deed of amendment and restatement (the "**Deed**") to supersede the original sale and purchase agreement. Pursuant to the Deed:

(i) the Group has conditionally agreed to acquire, and AXF Resources has conditionally agreed to dispose of 77.78% equity interest of AXF Gold Ridge for a revised aggregate consideration of AU$53,473,000 (equivalent to approximately RMB261,178,000, including the maximum committed costs for reconstruction works of AU$11,110,000 (equivalent to approximately RMB54,265,000) attributable to the 22.22% equity interest in AXF Gold Ridge held by AXF Resources following the completion of the acquisition as set out below);

(ii) the Group has committed to invest a maximum amount of AU$50,000,000 (equivalent to approximately RMB244,215,000), including the said amount of AU$11,110,000 for the construction, installation of machines and other relevant works with a view to rebuilding the gold mine project to resume the exploration, processing and production of gold;

(iii) on the date of completion, both parties shall sign a put option agreement, pursuant to which AXF Resources will agree to pay AU$10 to the Group and the Group will grant AXF Resources an option to require the Group to purchase all of the remaining 22.22% equity interest in AXF Gold Ridge held by AXF Resources. The put option can only be exercised by AXF Resources within 12 months after the first gold (or gold ore) be extracted and sold from this gold mine project. The consideration to be paid by the Group on exercise of the put option shall be AU$26,388,000 (equivalent to approximately RMB128,887,000) plus any premium to be agreed by the parties. Hence, the total maximum amount of commitment of the Group for the acquisition and the put option is approximately AU$118,751,000 (equivalent to approximately RMB580,015,000), of which the consideration amount of AU$10,308,000 (equivalent to approximately RMB50,347,000) and AU$21,510,000 (equivalent to approximately RMB99,614,000) will be due for payments within one year and more than one year respectively.

As at 31 December 2019, the balances of approximately RMB184,338,000 represent the deposits paid for the acquisition of 77.78% equity interest of AXF Gold Ridge of approximately AU$21,655,000 (equivalent to approximately RMB111,217,000) and deposits for reconstruction works of approximately RMB73,121,000.

On 24 April 2020, the Group and AXF Resources entered into an amendment agreement to the share sales and purchase agreement (the "**Amendment**"). Pursuant to the Amendment, the aggregate consideration of AU$53,473,000 as stated in (i) above has been adjusted to AU$39,215,000, including AU$17,110,000 that has already been paid for the reconstruction works. Moreover, the obligations of subsequent reconstruction work as mentioned in (ii) above and the put option agreement for acquiring remaining shares of the AXF Gold Ridge as stated in (iii) above are cancelled. On 30 April 2020, this transaction has been completed. The deposits have been fully recognised as part of the consideration paid by the Group for the acquisition of AXF Gold Ridge.

15. TRADE AND OTHER RECEIVABLES

	Note	2020 RMB'000	2019 RMB'000
Trade receivables from contracts with customers		**4,097**	7,510
Bills receivables		**3,551**	364
	(a)	**7,648**	7,874
Amount due from a related company	*(b)*	**167**	–
Prepayments and other receivables			
– Prepayments			
– Prepayments to a major subcontractor		**23,334**	7,798
– Prepayments to other suppliers		**8,705**	6,965
		32,039	14,763
– Other receivables		**13,922**	13,449
		45,961	28,212
Total trade and other receivables		**53,776**	36,086

(a) Trade and bills receivable

As at 1 January 2019, trade receivables from contracts with customers amounted to approximately RMB4,484,000.

For long-term customers with good credit quality and payment history, the Group allows credit periods of no longer than 60 days for sales of certain products. For others, the Group generally requests for deposits in advance from customers. The following is an aged analysis of trade and bills receivables presented based on the invoice dates at the end of the reporting period as follows:

	2020 RMB'000	2019 RMB'000
Within 30 days	**5,636**	7,874
31 to 60 days	**1,532**	–
61 to 90 days	**480**	–
	7,648	7,874

No trade and bills receivables are past due as at the end of the reporting period. The Group does not hold any collateral over these balances.

(b) Amount due from a related company

The balance is due from a company wholly owned and controlled by Mr. Gao Mingqing, the Chief Executive of the Company. The balance is interest free, unsecured and repayble on demand.

The ECL for trade receivables as at 31 December 2020 and 2019 have been assessed collectively based on the trade debtors' aging, grouped by debtor balances that are not yet due and different aging brackets of numbers of days past due (if any). Based on the assessment of the management of the Group, allowance for credit losses from the trade receivables as at 31 December 2020 and 2019 is insignificant.

As at 31 December 2020 and 2019, the above bills received are held by the Group for future settlement of trade receivables. All bills received by the Group are with a maturity period of less than one year.

16. TRADE AND OTHER PAYABLES

		2020	2019
	Note	***RMB'000***	*RMB'000*
Trade payables	*(i)*	**14,633**	37,941
Bills payables	*(ii)*	**33,000**	–
Trade and bills payable		**47,633**	37,941
Value-added tax, resource tax and other tax payables		**15,232**	13,805
Payables for construction in progress and property, plant and equipment		**19,112**	22,700
Accrued expenses and other payables			
– Accrued expenses		**4,283**	1,276
– Accrued staff cost		**8,891**	7,243
– Other payables		**4,595**	15,728
		52,113	60,752
		99,746	98,693

The aged analysis of trade payables, presented based on the delivery date at the end of the reporting period, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 30 days	**7,104**	12,288
31-60 days	**3,222**	7,350
61-90 days	**1,129**	7,078
91-180 days	**2,438**	11,217
Over 180 days	**740**	8
	14,633	37,941

The following is an aged analysis of bills payables based on the date of issue of bills:

	2020	2019
	RMB'000	*RMB'000*
91-180 days	**4,000**	–
Over 180 days	**29,000**	–
	33,000	–

Notes:

(i) The average credit period on purchase of goods is 30 days upon delivery. No interest is charged on overdue trade payable.

(ii) The bills payable were guaranteed by a restricted deposit made by Yifeng Wanguo, which have to be settled within one year from the date of issue.

17. AMOUNTS DUE TO RELATED PARTIES

		2020	2019
	Note	***RMB'000***	*RMB'000*
Victor Soar Investments Limited ("**Victor Soar**")	*(a), (b)*	**3,845**	2,845
Mr. Gao Mingqing	*(a)*	**8,595**	12,624
Fujian Jianyang Wanguo Electric Applicane Co., Ltd. ("**Jianyang Wanguo**")	*(a), (c)*	**–**	3,520
Ms. Gao Jinzhu	*(a), (d)*	**16,394**	18,654
Achieve Ample Investments Limited ("**Achieve Ample**")	*(a), (d)*	**314**	334
		29,148	37,977

Notes:

(a) All of the amounts above are non-trade in nature, interest free, unsecured and repayable on demand, of which approximately RMB4,159,000 (2019: RMB3,179,000) are denominated in HK$.

(b) Victor Soar held approximately 39.08% (2019: 39.08%) of the issued share capital of the Company and is wholly owned and controlled by Mr. Gao Mingqing.

(c) Jianyang Wanguo is owned as to 98.86% and controlled by Mr. Gao Mingqing.

(d) Ms. Gao Jinzhu, executive director of the Company, is interested in 19.25% (2019: 19.25%) of the issued share capital of the Company via Achieve Ample which is wholly owned and controlled by her.

18. BANK BORROWINGS

	2020	2019
	RMB'000	*RMB'000*
Unsecured bank borrowings at:		
– fixed rate	**26,000**	16,000
Secured bank borrowings at:		
– fixed rate	**78,500**	30,000
– floating rate	**3,207**	3,876
	107,707	49,876
The carrying amounts of the above borrowing are repayable:		
– within one year	**59,000**	30,000
– within a period of more than one year but not exceeding two years	**7,000**	16,000
– within a period of more than two years but not exceeding five years	**38,500**	–
	104,500	46,000
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities)	**3,207**	3,876
	107,707	49,876
Less: Amount due within one year shown under current liabilities	**(62,207)**	(33,876)
Amount shown under non-current liabilities	**45,500**	16,000

The interest rates of the Group's floating rate borrowings are based on Hong Kong Interbank Offered Rate. Interest is reset every year.

The effective interest rates on the Group's borrowings are as follows:

	2020	2019
	%	*%*
Effective interest rate for fixed rate borrowings (per annum)	**4.79 to 9.57**	4.79 to 9.57
Effective interest rate for floating rate borrowings (per annum)	**1.92 to 2.35**	2.35 to 2.48

The secured bank borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2020	2019
	RMB'000	*RMB'000*
HK$	**3,207**	3,876

19. SHARE CAPITAL

Details of share capital of the Company are as follows:

	Number of shares	**Share capital**
	'000	*HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2019, 31 December 2019 and 31 December 2020	1,000,000	100,000
Issued:		
At 1 January 2019, 31 December 2019 and 31 December 2020	720,000	72,000

	2020	2019
	RMB'000	*RMB'000*
Shown in the consolidated statement of financial position	**58,882**	58,882

The Company has adopted a share option scheme (the "**Scheme**") on 12 June 2012 to which the directors and eligible employees, among others are entitled to participate in. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. No share options have been granted, exercised, cancelled or lapsed under the Scheme during the year ended 31 December 2020 and 2019.

20. EVENTS AFTER THE REPORTING PERIOD

On 2 March 2021, pursuant to a subscription agreement dated 29 December 2020 (as supplemented by the supplementary agreement dated 26 January 2021) between the Company and a subscriber, the Company issued an aggregate of 108,000,000 new ordinary shares of HK$0.10 each at a price of HK$2.18 per share to Shandong Humon Mining Development Limited ("**Humon Mining**"), an indirectly wholly-owned subsidiary of the subscriber. In the opinion of the directors, Humon Mining and the subscriber are independent third parties of the Group. Upon completion of the share subscription, Humon Mining has become a substantial shareholder of the Company. Details of the share subscription were contained in the Company's announcements dated 29 December 2020, 22 February 2021 and 2 March 2021.

MARKET REVIEW

Copper

According to World Bureau of Metal Statistics, the copper market recorded a deficit of 1,391,000 tonnes for the year 2020 which followed a deficit of 383,000 tonnes in 2019. Reported stocks at the end of December 2020 were 76,000 tonnes lower than that at the end of December 2019. Net deliveries out of London Metal Exchange ("**LME**") warehouses were 38,900 tonnes and Comex stocks increased by 33,500 tonnes. Shanghai stocks fell by 48,500 tonnes during the year. Demand is measured on an apparent basis and it is likely that the full effects of national lockdowns have not been fully reflected in the trade statistics. No allowance is made in the consumption calculation for unreported stock changes, particularly in the Chinese government stockpile.

World mine production for the year ended 31 December 2020 was 20.8 million tonnes which remained constant with the same period in 2019. Global refined production for the year ended 31 December 2020 was 23.9 million tonnes, up 2.0% as compared with the previous year with significant increases recorded in China (up 1,032,000 tonnes) and in Chile (up 60,000 tonnes).

Global demand for the year ended 31 December 2020 was 25.3 million tonnes as compared with 23.9 million tonnes for the same period of 2019. Chinese apparent demand for the year ended 31 December 2020 was 15.0 million tonnes which was 17.1% higher than that for the same period of 2019. Reported output of semi manufactures rose by 1.4% which suggested that the apparent demand figure overstates real demand. European Union production rose by 3.5% and demand was 155,000 tonnes lower than the comparable 2019 total.

Iron

The price of iron ore in 2020 was very sensitive to changes in demand. Due to the increased demand in China and continued supply disruptions in Brazil, iron ore prices soared in mid-2020 and then remained stable at high levels, but began to rise again in late-November 2020. Prior to the year of 2020, many large iron ore producers had cut down their investment and closed the mines, resulting in a lack of extra production capacity in the industry, which magnified the impact of supply disruptions and recent growth in iron ore demand in China.

In October 2020, Australian iron ore export revenue hit a new record of 10.9 billion Australian dollars, which is more than one-third higher than the export revenue in October 2019. This increase was mainly due to the strong increase in China's iron ore imports from Australia in recent months.

Zinc

According to World Bureau of Metal Statistics, the zinc market was in surplus by 589,000 tonnes during the year ended 31 December 2020 as compared with a deficit of 76,000 tonnes recorded in the previous year. Reported stocks increased by 151,000 tonnes during the year ended 31 December 2020 which included a net increase in Shanghai of 4,800 tonnes. LME stocks rose during the year ended 31 December 2020 to close at 151,000 tonnes above the December 2019 level. LME stocks represented 24% of the global total with the bulk of the metal held in Asian and US warehouses. Demand was measured on an apparent basis and it is likely that the full effects of national lockdowns have not been fully reflected in the trade statistics.

Global refined production rose by 0.8% and demand was 4.1% lower than the levels recorded in the previous year. Japanese apparent demand was, at 367,700 tonnes, which was 29% below the equivalent total for the year ended 31 December 2019.

World demand was 557,000 tonnes lower than that for the year ended 31 December 2019. Chinese apparent demand was 6,758,000 tonnes which was 51% of the global total. No allowance has been made in the consumption calculation for unreported stock changes.

Lead

According to World Bureau of Metal Statistics, the lead market recorded a deficit of 47,000 tonnes for the year ended 31 December 2020 which followed a deficit of 246,000 tonnes recorded in 2019. Total stocks at the end of December 2020 were 66,400 tonnes higher than that at the end of 2019. No allowance has been made in the consumption calculation for unreported stock changes. Demand was measured on an apparent basis and it is likely that the full effects of national lockdowns have not been fully reflected in the trade statistics.

World refined production during the year ended 31 December 2020 from both primary and secondary sources was 13.3 million tonnes, which was 4.6% higher than that for the comparable period of 2019. Chinese apparent demand was estimated at 6,476,000 tonnes, which was 560,000 tonnes higher than that for the comparable period in 2019 and represented about 49% of the global total. For the USA, apparent demand has decreased by 120,000 tonnes for the year ended 31 December 2020 as compared to the same period of 2019.

Gold and Silver

In advance of the continuation of global trade frictions, the U.S.-Iran conflict and the emergence of the COVID-19 epidemic, gold and silver have continued to rise since mid-November 2019. Gold fluctuated upwards from the opening price of US$1,518 per ounce to US$1,703 per ounce in early-March 2020. Silver pulled up from the opening price of US$17.8 per ounce to US$18.9 per ounce.

Due to the spread of epidemic across the world, all assets except the U.S. dollar were largely sold off. Gold fell from its peak of US$1,703 per ounce to US$1,451 in mid-March 2020 while silver fell from US$18.94 per ounce to an 11-year low of US$11.62 per ounce.

The US fiscal stimulus policy and governments of various countries have stepped up their stimulus measures. All assets began to rave. Gold once broke through a historical high, reaching US$2,075.5 per ounce. Silver once hit US$29.86 per ounce, rising by 165%.

Amid the influence of the U.S. presidential election, negotiations on the U.S. fiscal stimulus bill have reached a deadlock due to the mutual conflict between the two parties, coupled with the reduction of precious metals exchange-traded fund (ETF) and roll-out of COVID-19 vaccines, a sharp retracement of gold and silver was resulted in the fourth quarter of 2020.

News that the U.S. fiscal stimulus bill was expected to be reached, and Powell's statement that the Fed could still expand the purchases of bond stimulated the rebounce of gold and silver by the end of November 2020.

BUSINESS REVIEW

Our Group is principally engaged in the business of mining, ore processing and sale of concentrates products in the PRC. Currently, we, through our wholly-owned subsidiaries, own the entire equity interest in Jiangxi Province Yifeng Wanguo Mining Company Limited ("**Yifeng Wanguo**") which in turn owns the Xinzhuang Copper, Lead, Zinc Mine, an operating mine located in Jiangxi Province, the PRC ("**Xinzhuang Mine**") in which we conduct underground mining. The Xinzhuang Mine has a substantial volume of non-ferrous polymetallic mineral resources. Products of our Group primarily include copper concentrates, iron concentrates, zinc concentrates, sulfur concentrates, lead concentrates as well as by-products of gold and silver.

The Group has, on 13 July 2017, completed acquisition of 51% attributable interest of Xizang Changdu County Dadi Mining Company Limited ("**Xizang Changdu**"), which owns the lead mine in Walege of Changdu Country, the PRC ("**Walege Mine**") in which we may further exploit for open-pit and underground mining. The Walege Mine has a significant volume of mineral resources of lead and silver.

In addition, the Group has on 30 April 2020, completed acquisition of 77.78% interest of AXF Gold Ridge Pty Limited, which owns 90% interest in Gold Ridge Mine in which we may further exploit for open-pit and underground mining. The Gold Ridge Mine has a substantial volume of mineral resources of gold.

EXPANSION IN EXISTING MINES

Xinzhuang Mine

We had completed our expansion plan as disclosed in the prospectus of the Company dated 28 June 2012 (the "**Prospectus**") in Xinzhuang Mine, reaching 600,000 tpa in both mining capacity and processing capacity.

Yifeng Wanguo entered into an agreement with China Nerin Engineering Co., Ltd（中國瑞林工程技術有限公司）("**Nerin**") for conducting a feasibility study on an expansion plan of our Xinzhuang Mine to 900,000 tpa. It is expected that the Group will receive Nerin's feasibility report by end of April 2021 and initial production and safety design by end of 2021.

Walege Mine

We are in the progress of applying for the mining license for the Walege Mine. During 2020, we commenced the delimitation of mining area, which had submitted the proposal to the Department of Natural Resources of the Tibet Autonomous Region, contracted a technical consultancy agreement for the purpose of design and development of the Walege Mine and submitted documents for renewal and extension of exploration license.

EXPANSION IN SURROUNDING AREAS

According to the Independent Technical Expert's Report in the Prospectus, there are significant additional defined mineral resources outside the planned mining area in the Xinzhuang Mine within the boundary covered by the current mining licence held by the Group. On 20 November 2012, Yifeng Wanguo entered into an exploration agreement (the "**Exploration Agreement**") with the Bureau of Geology and Mineral Exploration of Jiangxi Province（江西省地質礦產勘查開發局）(the "**Jiangxi Geology Bureau**"). By the end of 2013, Jiangxi Geology Bureau has completed the field exploration work. A Mineral Resources Verification Report（資源儲量核實報告）has been finished and approved by Jiangxi Province Land Resources Bureau in April 2014 and obtained registration in December 2014.

The exploration in the Xinzhuang Mine has increased the geological reserves of the Group and further proved the hydrogeology conditions in the mining area. Yifeng Wanguo has also appointed Changsha Mine Research Institute（長沙礦山研究院）to carry out mining experiments on the possibility to remove the waterproof pillars in the mining area. The Group received the report by end of June 2017. The report showed that a portion of the waterproof pillars can be removed, which will result in an increase of mineral resources of the Xinzhuang Mine by 2.6 million tonnes.

HORIZONTAL EXPANSION

Acquisition of the majority shareholding in AXF Gold Ridge Pty Ltd in which indirectly owns a gold mine in Solomon Islands

On 16 July 2017, the Company entered into the share sales and purchase agreement (the "**S&P Agreement**") with AXF Resources Pty Limited ("**AXF Resources**") pursuant to which the Company has conditionally agreed to acquire, and AXF Resources has conditionally agreed to dispose of, 611 shares out of 1,000 shares in AXF Gold Ridge (representing 61.1% equity interest of AXF Gold Ridge) in consideration of AUD58.35 million. Pursuant to the terms of the S&P Agreement, the Company has agreed an estimated maximum commitment of AUD50 million for the reconstruction works and all administration and maintenance costs associated with the project of the exploitation and operations of the gold mine contemplated under the S&P Agreement (the "**AM Costs**"). Hence, the total amount of commitment by the Company for the acquisition as well as the reconstruction works and the AM Costs is AUD108.35 million.

Due to a material difference between the aforesaid consideration to be paid and the draft valuation amount of the asset to be acquired made by an independent third party during the due diligence review, the Company and AXF Resources re-negotiated the terms of the acquisition, and entered into a deed of amendment and restatement (the "**Deed**") on 20 February 2018 to supersede the S&P Agreement. Pursuant to the Deed, the Company has conditionally agreed to acquire, and AXF Resources has conditionally agreed to dispose of, 7,778 shares out of 10,000 shares in AXF Gold Ridge (representing 77.78% equity interest of AXF Gold Ridge) in consideration of AUD53.473 million (including the AUD11.11 million of the reconstruction works taken to be paid by the Company on behalf of AXF Resources) and the net consideration is AUD42.363 million. Pursuant to the terms of the Deed, the Company has agreed a maximum commitment of AUD50 million for the reconstruction works.

Pursuant to the terms of the Deed, on the completion date, both parties shall sign the Put Option Agreement, pursuant to which AXF Resources will agree to pay AUD10 to the Company and the Company will grant AXF Resources an option (the "**Put Option**") to require the Company to purchase all of the remaining interest in AXF Gold Ridge held by AXF Resources (i.e. 22.22% equity interest of AXF Gold Ridge). The aforesaid consideration payable by the Company on exercise of the Put Option shall be AUD26.388 million plus any premium to be agreed by the parties. Hence, the total maximum amount of commitment of the Company for the acquisition (together with the reconstruction works) and the Put Option is approximately AUD118.751 million (subject to any premium to be added to the consideration on the exercise of the Put Option).

On 24 April 2020, the Company and AXF Resources entered into an amendment agreement to the S&P Agreement, pursuant to which, amongst other things, the consideration for the acquisition has been adjusted to AUD39.215 million (including the AUD17.110 million that has already been paid for the reconstruction works) and that the Company's obligations for the reconstruction works and for entering into the Put Option Agreement to acquire the remaining interest in AXF Gold Ridge has ceased.

On 30 April 2020, the aforesaid acquisition has been completed. AXF Gold Ridge becomes an indirect non-wholly owned subsidiary of the Company with 77.78% equity interest owned by the Group. Please refer to the Company's announcements dated 30 April 2020 and 21 May 2020 for details. For additional information in respect of the project concerning the development and operation of the Gold Ridge Mine, please refer to the Company's announcement dated 18 August 2020.

Subscription of new shares under general mandate and disposal of shares by a then substantial shareholder

On 29 December 2020, the Company entered into a subscription agreement (the "**Subscription Agreement**") with Shandong Humon Smelting Co., Ltd.（山東恒邦冶煉股份有限公司）(the "**Subscriber**"), a company listed on the Shenzhen Stock Exchange (stock code: 002237), and is principally engaged in gold and silver smelting, production and sales of electrolytic copper, cathode copper, lead ingots, non-ferrous metals, rare and precious metals and their products. Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe for 108,000,000 new Shares at the subscription price of HK$2.18 per subscription share (the "**Subscription**"). The closing price of the Share as quoted on the Stock Exchange on the date of the Subscription Agreement was HK$2.20.

The Directors considered that the Subscription offers a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its development of Gold Ridge Mine.

On the same date, the Company was informed that Cheng Tun Prime Shine Limited ("**Cheng Tun**"), a then substantial shareholder of the Company, entered into the share transfer agreement with the Subscriber pursuant to which Cheng Tun agreed to transfer 64,814,000 Shares to the Subscriber, representing approximately 7.83% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares and as at the date of this announcement.

Subsequent to the reporting period, on 26 January 2021, the Company, the Subscriber and Shandong Humon Mining Development Limited (山東恒邦礦業發展有限公司) ("**Humon Mining**"), an indirectly wholly-owned subsidiary of the Subscriber, entered into a supplementary agreement, pursuant to which the Subscriber assigned its rights and obligations under the Subscription Agreement to Humon Mining.

On 2 March 2021, the Subscription was completed and 108,000,000 new Shares (representing approximately 13.04% of the issued share capital as enlarged by the allotment and issuance of the subscription shares and as at the date of this announcement) have been allotted and issued to Humon Mining under the general mandate granted to the Directors at the annual general meeting of the Company held on 26 June 2020 at the subscription price of HK$2.18 per subscription share. The estimated net proceeds from the Subscription was approximately HK$235.2 million. It is expected that 90% of the estimated net proceeds will be used for funding of the project concerning the exploitation of the Gold Ridge Project and 10% of the net proceeds will be used for general working capital of the Company.

Please refer to the Company's announcements dated 29 December 2020, 22 February 2021 and 2 March 2021 respectively for details.

MINERAL RESOURCES AND RESERVES

The Xinzhuang Mine Mineral Resource Summary – as at 31 December 2020

Mineralization Type	JORC Mineral Resource Category	Tonnage	Grades					Contained Metals				
		Tonnage	**Cu**	**Pb**	**Zn**	**TFe**	**mFe**	**Cu**	**Pb**	**Zn**	**TFe**	**mFe**
		kt	*%*	*%*	*%*	*%*	*%*	*kt*	*kt*	*kt*	*kt*	*kt*
Cu-Fe	Measured	4,938	0.80	–	–	–	–	39.70	–	–	–	–
	Indicated	11,386	0.68	–	–	–	–	77.90	–	–	–	–
	Subtotal	**16,324**	**0.72**	**–**	**–**	**–**	**–**	**117.60**	**–**	**–**	**–**	**–**
	Inferred	845	0.47	–	–	–	–	3.93	–	–	–	–
	Total	**17,169**	**0.71**	**–**	**–**	**–**	**–**	**121.53**	**–**	**–**	**–**	**–**
Fe-Cu	Measured	1,770	0.17	–	–	44.17	30.98	3.12	–	–	843.70	591.73
	Indicated	3,066	0.34	–	–	39.59	24.23	10.43	–	–	1,272.51	778.86
	Subtotal	**4,836**	**0.28**	**–**	**–**	**41.30**	**26.75**	**13.55**	**–**	**–**	**2,116.21**	**1,370.59**
	Inferred	296	0.53	–	–	44.13	31.03	1.58	–	–	130.62	91.84
	Total	**5,132**	**0.29**	**–**	**–**	**41.45**	**26.98**	**15.13**	**–**	**–**	**2,246.83**	**1,462.43**
Cu-Pb-Zn	Measured	1,624	0.13	0.97	5.36	–	–	2.13	15.80	86.97	–	–
	Indicated	2,141	0.09	1.88	3.70	–	–	1.86	40.29	79.21	–	–
	Subtotal	**3,765**	**0.11**	**1.49**	**4.42**	**–**	**–**	**3.99**	**56.09**	**166.18**	**–**	**–**
	Inferred	340	0.13	0.39	4.44	–	–	0.43	1.34	15.08	–	–
	Total	**4,105**	**0.11**	**1.40**	**4.42**	**–**	**–**	**4.42**	**57.43**	**181.26**	**–**	**–**
Total	Measured	8,332	–	–	–	–	–	44.95	15.80	86.97	843.70	591.73
	Indicated	16,593	–	–	–	–	–	90.19	40.29	79.21	1,272.51	778.86
	Subtotal	**24,925**	**–**	**–**	**–**	**–**	**–**	**135.14**	**56.09**	**166.18**	**2,116.21**	**1,370.59**
	Inferred	1,481	–	–	–	–	–	5.94	1.34	15.08	130.62	91.84
	Total	**26,406**	**–**	**–**	**–**	**–**	**–**	**141.08**	**57.43**	**181.26**	**2,246.83**	**1,462.43**

Note: (1) The mineral resources also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.

(2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code were based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

(3) There were no material changes in these estimates during the period from 31 December 2011 to 31 December 2020.

The Xinzhuang Mine Ore Reserve Summary – as at 31 December 2020

Mineralization Type	JORC Ore Reserve Category	Tonnage	Grades					Contained Metals				
			Cu	Pb	Zn	TFe	mFe	Cu	Pb	Zn	TFe	mFe
		kt	*%*	*%*	*%*	*%*	*%*	*kt*	*kt*	*kt*	*kt*	*kt*
Cu-Fe	Proved	3,497	0.77	–	–	–	–	26.69	–	–	–	–
	Probable	4,087	0.65	–	–	–	–	27.17	–	–	–	–
	Total	**7,584**	**0.71**	**–**	**–**	**–**	**–**	**53.86**	**–**	**–**	**–**	**–**
Fe-Cu	Proved	1,870	0.21	–	–	37.19	32.88	3.88	–	–	695.39	614.88
	Probable	1,495	0.32	–	–	23.17	19.26	4.80	–	–	346.39	287.89
	Total	**3,365**	**0.26**	**–**	**–**	**30.96**	**26.83**	**8.68**	**–**	**–**	**1,041.78**	**902.77**
Cu-Pb-Zn	Proved	1,061	0.08	0.87	5.03	–	–	0.90	9.24	53.36	–	–
	Probable	731	0.04	1.36	2.93	–	–	0.26	9.72	20.80	–	–
	Total	**1,792**	**0.06**	**1.07**	**4.18**	**–**	**–**	**1.16**	**18.96**	**74.16**	**–**	**–**
Total	Proved	6,428	–	–	–	–	–	31.46	9.24	53.36	695.39	614.88
	Probable	6,295	–	–	–	–	–	32.23	9.72	20.80	346.39	287.89
	Total	**12,723**	**–**	**–**	**–**	**–**	**–**	**63.69**	**18.96**	**74.16**	**1,041.78**	**902.77**

Note: (1) The mineral resources also contain meaningful amounts of gold and silver. Based on limited composite sample analysis, the average grade is 0.19 g/t for gold and 13.1 g/t for silver in the Cu-Fe resource, 0.17 g/t for gold and 5.7 g/t for silver in the Fe-Cu resource, and 0.61 g/t for gold and 56.7 g/t for silver for the Cu-Pb-Zn resource.

(2) The mineral resource and ore reserve estimates prepared in accordance with JORC Code were based on information up to 31 December 2011, as disclosed in the Appendix V of the Prospectus. Please refer to the same for details of the assumptions and parameters used to calculate these resource and reserve numbers and qualities of metals.

(3) There were no material changes in these estimates during the period from 31 December 2011 to 31 December 2020.

The Walege Mine Mineral Resource Summary – as at 31 December 2020 Grade Tonnage Reported above a Cut-off Grade of 2.5% Pb

JORC Mineral Resource Category	Tonnes	Grade	Ag	Lead Metal	Silver Metal
	(Mt)	*(Pb%)*	*(g/t)*	*(1,000t)*	*(1,000Kg)*
Measured	13.996	3.79	44.80	530.4	627.1
Indicated	18.343	3.57	43.32	655.6	794.7
Inferred	10.688	3.82	48.22	408.5	515.4
Totals	**43.027**	**3.71**	**45.02**	**1,594.5**	**1,937.2**

Notes:

(1) The mineral resource estimates were based on 136 diamond drilling holes, 54 trenching projects and 9 pit excavation engineering completed up until 2018. The wireframes were generated based on cross sectional widths of 50m-100m*100m-200m spacing. This was based on exploration drilling patterns. Mineralisation cut-off grades of 0.5% Pb combined with the geological logging were used to define the mineralised envelopes.

(2) The mineral resources have been classified and reported in accordance with the JORC Code. Resource classification is based on confidence in the mapping, geological interpretation, drill spacing and geostatistical measures. The current resource models provided robust global estimates of the in situ mineralisation of Pb and Ag. Mineral Resources have been reported above cut-off of 2.5% Pb.

(3) The mineral resource estimates were based on 72 diamond drill holes completed up until 2013 and the wireframes were generated based on cross sectional widths of 100m-100m spacing as disclosed in the Company's circular dated 2 December 2015. Save as disclosed above, there were no material changes in these estimates during the period from 31 December 2018 to 31 December 2020.

Gold Ridge Mine Resources Summary – as at 31 December 2020 at 0.6 g/t Au cut-off

JORC Mineral Resource Category	Tonnes	Gold Grade	Contained Gold	As	Cu	S
	(Mt)	*(g/t Au)*	*(k oz Au)*	*(ppm)**	*(ppm)**	*(%)**
Measured	24.1	1.35	1,000	232	84	1.51
Indicated	20.4	1.34	900	119	88	1.43
Inferred	31.3	1.55	1,600	79	91	1.47
Total**	**75.8**	**1.43**	**3,500**	**139**	**88**	**1.47**

* *Due to the sparseness of As, Cu and S assays these contaminant grades are indicative only.*

** *Totals may not add up due to rounding.*

Notes:

1) The mineral resource estimates have been derived from samples collected from diamond core drilling and some RC drilling programs in the Gold Ridge Mine's drilling database which contains 4,565 holes and 221,310m of drilling.

2) The 2014 topographic mined out surface was used as the upper boundary of the resource model. This surface was provided by mine surveys at the cessation of mining on 1 April 2014. To limit the extrapolation of grades at depth in the resource model, a surface representing the Base of Drilling was created.

3) A pit shell at 1.5 times the base revenue and approximately equivalent to a pit shell optimised with a US$1,950 per ounce gold price was selected to limit the reporting of mineral resources above the 'reasonable prospects for eventual economic extraction' (RPEEE) pit sell. This was further constraint with a 0.6g/t Au cut-off grade.

4) There were no material changes in these estimates during the year ended 31 December 2020.

	Gold Ridge Mine Ore Reserves Summary as at 31 December 2020		
Ore Reserve Class	**Tonnes** *(Mt)*	**Gold Grade** *(g/t Au)*	**Contained Gold** *(k oz Au)*
Probable	**31.2**	**1.43**	**1,434**

Notes:

1) The Ore Reserve conforms with and uses the JORC Code (2012) definitions.

2) The Ore Reserve was estimated using a fixed cut-off grade of 0.6 g/t Au.

3) Ore block grade and tonnage dilution were incorporated through the use of an Ordinary Kriged Resource Model.

4) All figures are rounded to reflect appropriate levels of confidence.

5) Apparent differences may occur due to rounding.

FINANCIAL REVIEW

	Year ended 31 December					
	Concentrated products (own mined)	**Trading of electrolytic copper and other concentrate (sourced outside)**	**2020 Total**	Concentrated products (own mined)	Trading of electrolytic copper and other concentrate (sourced outside)	2019 Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**364,678**	**1,029,466**	**1,394,144**	291,950	19,205	311,155
Cost of sales	**(207,620)**	**(1,029,115)**	**(1,236,735)**	(183,653)	(19,202)	(202,855)
Gross profit	**157,058**	**351**	**157,409**	108,297	3	108,300
Gross profit margin	**43.1%**	**0.03%**	**11.3%**	37.1%	0.02%	34.8%

Revenue, cost of sales, gross profit and gross profit margin

The Group's revenue reported a triple increase from approximately RMB311.2 million in 2019 to approximately RMB1,394.1 million in 2020, which was primarily due to the substantial increase in sales of electrolytic copper commenced in November 2019. Our cost of sales increased nearly by five times from approximately RMB202.9 million in 2019 to approximately RMB1,236.7 million in 2020 which was mainly driven by the corresponding increase in sales of electrolytic copper.

The overall gross profit increased by approximately 45.3% from approximately RMB108.3 million for the year ended 31 December 2019 to approximately RMB157.4 million for the year ended 31 December 2020. Gross profit margin decreased from approximately 34.8% for the year ended 31 December 2019 to approximately 11.3% for the year ended 31 December 2020.

(i) Concentrates products (own mined)

Revenue from sales of concentrates products increased by approximately 24.9% from approximately RMB292.0 million for the year ended 31 December 2019 to approximately RMB364.7 million for the year ended 31 December 2020.

For the year ended 31 December 2020, we sold 3,808 tonnes of copper in copper concentrates, 104,726 tonnes of iron concentrates and 5,429 tonnes of zinc in zinc concentrates, compared to 3,139 tonnes, 108,761 tonnes and 5,691 tonnes respectively for the year ended 31 December 2019, representing increase of approximately 21.3% for copper in copper concentrates which was principally attributable to the completion of technical transformation conducted in processing plant, and decreases of approximately 3.7% and 4.6% for iron concentrates and zinc in zinc concentrates respectively due to the decrease in grading of ores.

The average prices of copper in copper concentrates, iron concentrates and zinc in zinc concentrates in 2020 were RMB37,367, RMB597 and RMB11,080 per tonne respectively, compared to RMB35,330, RMB507 and RMB10,207 per tonne respectively in 2019, representing increases of approximately 5.8%, 17.8% and 8.6% respectively. Due to the outbreak of COVID-19 in 2020, the non-ferrous metals market was adversely affected in the first quarter of 2020. The swift recovery of domestic market and relevant favourable policies executed pushed the demand and the prices upwards during the second half of 2020.

The cost of sales of concentrates products increased by approximately 13.0% from approximately RMB183.7 million in 2019 to approximately RMB207.6 million in 2020, which was mainly driven by the corresponding increase in sales revenue.

The gross profit of concentrates products for the year ended 31 December 2020 was approximately RMB157.1 million, representing an increase of approximately 45.1% compared to approximately RMB108.3 million for the year ended 31 December 2019, which was mainly attributable to the increase in volume of concentrates sold following completion of the upgrading works in processing plants in 2019 as well as increase in metal prices in the second half of 2020. The gross profit margin increased from approximately 37.1% for the year ended 31 December 2019 to approximately 43.1% for the year ended 31 December 2020. Such increase was mainly attributable to the rise in the selling price of the concentrates.

(ii) Trading of electrolytic copper and other concentrates (sourced outside)

Starting from November 2019, the Group set up a branch for trading of electrolytic copper and other concentrates. Revenue from trading of electrolytic copper and other concentrates for the year ended 31 December 2020 was approximately RMB1,029.4 million and the cost of sales was approximately RMB1,029.1 million, resulting in a gross profit of approximately RMB0.3 million for the year ended 31 December 2020.

Other income

Our other income mainly comprised bank interest income of approximately RMB0.1 million, incentives received from local governmental authorities of approximately RMB1.7 million and government grant and subsidy to Yifeng Wanguo in relation to the mining technology improvement of approximately RMB1.2 million for the year ended 31 December 2020. Other income increased by approximately RMB1.4 million as compared with 2019, which was mainly attributable to the increase in incentives received from local governmental authorities.

Other gains and losses

Our other gains and losses increased by approximately RMB2.7 million, which comprised mainly reversal of provision for bad debt of approximately RMB0.3 million and unrealised exchange gain of approximately RMB5.3 million as a result of the translation of Australian dollars into Renminbi under the appreciation of Australian dollars as at 31 December 2020, whereas for the year ended 31 December 2019, there were unrealised exchange gain of approximately RMB3.0 million as a result of the translation of Hong Kong dollars into Renminbi under the appreciation of Hong Kong dollars.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately 3.3% from approximately RMB3.0 million for the year ended 31 December 2019 to approximately RMB3.1 million for the year ended 31 December 2020. The increase was mainly attributable to the increase in sales volume of concentrates products.

Administrative expenses

Our administrative expenses increased by approximately 41.2% from approximately RMB37.6 million in 2019 to approximately RMB53.1 million in 2020. The increase was principally attributable to the increase in staff costs and travelling expenses as a result of the completion of the acquisition of AXF Gold Ridge by end of April 2020.

Finance costs

Our finance costs increased by approximately 29.3% from approximately RMB7.5 million in 2019 to approximately RMB9.7 million in 2020, primarily due to the increase in imputed interest expenses on consideration payable to a former non-controlling shareholder of a subsidiary.

Income tax expense

Our income tax expense was approximately RMB16.0 million in 2020, consisting of PRC corporate income tax payable of approximately RMB16.0 million, withholding tax paid of approximately RMB1.0 million and deferred tax credit of approximately RMB1.0 million. Our income tax expense was approximately RMB10.0 million in 2019, consisting of PRC corporate income tax payable of approximately RMB9.0 million, withholding tax payable of approximately RMB2.3 million and overprovision of income tax of approximately RMB1.3 million.

The increase in our income tax expense for the year ended 31 December 2020 was primarily due to the increase in the PRC corporate income tax expense as a result of increase in operating profit.

Profit for the year

As a result of the foregoing, our profit after taxation increased by approximately 53.2%, or approximately RMB29.5 million, from approximately RMB55.4 million for the year ended 31 December 2019 to approximately RMB84.9 million for the year ended 31 December 2020. Our net profit margin decreased from approximately 17.8% for the year ended 31 December 2019 to approximately 6.1% for the year ended 31 December 2020. Such decrease was mainly attributable to the increase in administrative expenses and income tax expenses, as well as the increase in trading of electrolytic copper and other concentrates sourced outside, which were with a lower profit margin.

Profit attributable to owners of our Company

The profit attributable to the owners of our Company increased by approximately 56.2% or approximately RMB31.2 million, from approximately RMB55.5 million for the year ended 31 December 2019 to approximately RMB86.7 million for the year ended 31 December 2020.

Analysis of property, plant and equipment and construction in progress

As at 31 December 2020, the Group's property, plant and equipment and construction in progress were approximately RMB468.3 million, representing an increase of approximately RMB30.1 million or approximately 6.9% over last year mainly due to a group of property, plant and equipment and construction in progress being transferred from deposits for acquisitions after the acquisition of AXF Gold Ridge.

Analysis of inventories

Inventories consist of raw materials, ore and processed concentrates. Raw materials mainly include forged steel grinding balls, explosives, chemical products and diesel oil used for the production of concentrates. As at 31 December 2020 and 2019, our inventories were approximately RMB9.4 million and approximately RMB9.3 million respectively. Our inventories were comparable in the two years.

Analysis of trade and bills receivables

Trade receivables represent receivables from the sale of processed concentrates. Our Group generally requests our concentrates customers to make a certain amount of down payment prior to delivery. For trade customers, our Group grants a credit period up to 60 days. Our trade receivables and bills receivables were approximately RMB4.1 million and RMB3.5 million respectively as at 31 December 2020, compared to approximately RMB7.5 million and RMB0.4 million respectively as at 31 December 2019. The decrease in trade receivables as at 31 December 2020 was mainly due to more down payments being received prior to delivery and the increase in bills receivables as at 31 December 2020 was resulted from the longer maturity dates of receipts of bills from our reputable customers.

Analysis of trade payables

Trade payables mainly consist of payables in respect of (i) the purchase of forged steel grinding balls and cement; (ii) construction fee payable to our contractors under the expansion plan; and (iii) fees payable to our third-party contractor, Wenzhou No. 2 Well and Tunnel Construction Company, for our mining work. As at 31 December 2020 and 2019, our trade payables were approximately RMB14.6 million and approximately RMB37.9 million respectively. The decrease in trade payables as at 31 December 2020 was mainly resulted from the advance payments being made to our third-party contractors.

Liquidity and capital resources

Our liquidity requirements relate to funding working capital, capital expenditures, acquisition of mining right and maintaining cash reserves, which are funded by a combination of bank borrowings and cash generated from operation.

Our Group had cash and cash equivalents of approximately RMB36.7 million as at 31 December 2020, compared to approximately RMB4.7 million as at 31 December 2019, of which approximately RMB0.8 million (2019: approximately RMB1.1 million) was denominated in Hong Kong dollars, Australian dollars and US dollars.

As at 31 December 2020, the Group recorded net assets and net current liabilities of approximately RMB999.4 million (2019: approximately RMB830.5 million) and approximately RMB206.3 million (2019: approximately RMB238.7 million) respectively. The current ratio of the Group as at 31 December 2020 was 0.33 times as compared to 0.17 times as at 31 December 2019. The decrease in net current liabilities and increase in current ratio were attributable to the increase in bank balances mainly resulted from increase in operating profit and rise in new bank borrowings.

Borrowings

As at 31 December 2020, the Group had bank borrowings of approximately RMB107.7 million (2019: approximately RMB49.9 million) in aggregate with maturity from one year to seven years and effective interest rate of approximately 5.82%.

Gearing Ratio

The Group's gearing ratio (representing total bank borrowings and payables to former non-controlling shareholder of a subsidiary divided by total assets) amounted to approximately 11.4% (2019: approximately 8.7%). The increase in gearing ratio was mainly attributable to increase in bank borrowings.

Capital Expenditures

The total capital expenditure of the Group decreased from approximately RMB91.7 million for the year ended 31 December 2019 to approximately RMB73.9 million for the year ended 31 December 2020, representing a decrease of approximately 19.4%. The capital expenditure in 2020 was primarily incurred from the purchase of mining equipment, construction of mining structures at the Xinzhuang Mine and payment for acquisition of AXF Gold Ridge.

Contractual Obligations and Capital Commitment

As at 31 December 2020, the Group's capital commitments amounted to approximately RMB9.2 million, which was attributable to the development of the Xinzhuang Mine.

	RMB'000
Three new shafts projects	840
Upgrading the processing plants	5,859
Other civil work	2,482
	9,181

As at 31 December 2020, the Group has also entered the following commitments in relation to the reconstruction works for the Gold Ridge Project.

	RMB'000
Construction works	21,040
Mining and processing equipment	47,678
	68,718

Contingent Liabilities

As at 31 December 2020, the Group did not have any material contingent liabilities or guarantees.

Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

On 30 April 2020, the Group completed the acquisition of AXF Gold Ridge, which becomes an indirect non-wholly owned subsidiary of the Company with 77.78% equity interest owned by the Group.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries, associated and joint ventures during the year ended 31 December 2020.

Future Plan for Material Investments and Capital Assets

Save as disclosed in this announcement, the Group does not have any plan authorised by the Board for material investments or additions of capital assets as at the date of this announcement.

Charge on Group Assets

As at 31 December 2020, the Group's mining right, right-of-use-assets and buildings with carrying value of approximately RMB79.5 million (31 December 2019: approximately RMB71.4 million of right-of-use assets and buildings) were pledged to secure the Group's bank borrowings.

Exposure to Fluctuations in Exchange Rates

The Group's businesses are located primarily in the PRC and most of the transactions are conducted in Renminbi. Except for the Group's certain bank balances and cash, other receivables and other payables denominated in Hong Kong dollars, Australian dollars and US dollars, the majority of the Group's assets and liabilities are denominated in Renminbi.

As Renminbi fluctuates against Hong Kong dollars and Australian dollars in a limited extent during the year 2020, the Group had no material adverse exposure to foreign exchange fluctuations during the year 2020.

Interest Rate Risk

Our bank borrowings are denominated in Renminbi and Hong Kong dollars borrowed from domestic commercial banks at interest rates that are determined by reference to the benchmark interest rates set by the People's Bank of China ("**PBoC**") and Hong Kong Interbank Offered Rate ("**HIBOR**") respectively. Interest rates on our bank loans are subject to adjustments by our lenders in accordance with changes in the PBoC benchmark rates and HIBOR. We are exposed to interest rate risk resulting from changes in interest rates on our short-term and long-term bank borrowings. Increases in benchmark interest rates will increase the interest rates on our bank loans. Increases in interest rates will increase our expense on outstanding borrowings and the cost of new borrowings, and therefore could have a material adverse effect on our financial results. We have not used any interest rate swaps or other derivatives to hedge against interest rate risk.

Financial Instruments

The Group's major financial instruments include trade and other receivables, bank balances and cash, restricted bank balance, trade and other payables, amounts due to related parties, consideration payable to a former non-controlling shareholder of a subsidiary and bank borrowings.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB2.98 cents (equivalent to approximately HK$3.54 cents) per Share for the year ended 31 December 2020 (2019: Nil), representing approximately 26.7% of the profit and total comprehensive income attributable to owners of the Company, payable to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on Tuesday, 22 June 2021. Based on the number of issued Shares as at the date of this announcement, this represents a total distribution of approximately RMB24.7 million. Subject to the approval of the payment of the final dividend by the Shareholders at the annual general meeting to be held on Friday, 11 June 2021, it is expected that the proposed final dividend will be paid on or before Friday, 30 July 2021.

ANNUAL GENERAL MEETING

The 2020 annual general meeting (the "**AGM**") of the Company will be held on Friday, 11 June 2021. A notice convening the AGM will be published and despatched to the Shareholders in accordance with the requirements of the articles of association of the Company (the "**Articles**") and the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange in due course.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 8 June 2021 to Friday, 11 June 2021, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 7 June 2021.

The final dividend is payable to the Shareholders whose names appear on the register of members of the Company at close of business on Tuesday, 22 June 2021. For determination of entitlement to the final dividend, the register of members of the Company will be closed from Friday, 18 June 2021 to Tuesday, 22 June 2021, both days inclusive. In order to qualify for the proposed final dividend, all share certificates with the properly completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 17 June 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, we had a total of 360 (2019: 349) full-time employees, excluding the independent third-party contractor which is responsible for underground mining work. The remuneration of the employees of the Group is based on their experience, qualifications, and competence. Other employees' benefits include contributions to statutory mandatory provident funds for our Hong Kong employees, superannuation for our Australia employees, and social insurance together with housing provident funds for our PRC employees.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Xinzhuang Mine

Mineral exploration

During 2020, the exploration activities in the Xinzhuang Mine was within 4-29 exploration line. We have completed underground geological drilling of 20,186 m, with drill size of 60-108 mm for the year ended 31 December 2020. For the year ended 31 December 2020, we have also finished tunnel drilling of 542 m and completed adit mapping of 2,332 m.

For the year ended 31 December 2020, approximately RMB6.5 million was incurred for the mineral exploration.

Development

During 2020, the Group incurred development expenditure of approximately RMB31.6 million.

Detailed breakdown of development expenditure is as follows:

	RMB' (million)
Mining structures	**13.0**
Machinery and electronic equipment for processing plants	**16.3**
Motor vehicles	**2.3**
	31.6

Mining activities

During 2020, we processed a total of 888,558 tonnes of ore in the Xinzhuang Mine. The following table shows the volume of our concentrates products sold during 2020.

Type of concentrates sold	**Volume**
Copper in copper concentrates	3,808 tonnes
Iron concentrates	104,726 tonnes
Zinc in zinc concentrates	5,429 tonnes
Sulfur concentrates	188,974 tonnes
Lead in lead concentrates	822 tonnes
Sulfur and iron concentrates	7,540 tonnes
Gold in copper concentrates	73 kg
Silver in copper concentrates	3,694 kg
Gold in zinc concentrates	8 kg
Silver in zinc concentrates	829 kg
Gold in lead concentrates	73 kg
Sliver in lead concentrates	3,587 kg
Copper in lead concentrates	269 kg

During 2020, the Group incurred expenditures for mining and processing activities were RMB111.6 million (2019: RMB106.5 million) and RMB65.6 million (2019: RMB51.7 million) respectively. The unit expenditures for mining and processing activities were RMB125.1/t (2019: RMB135.3/t) and RMB73.8/t (2019: RMB66.1/t) respectively.

Walege Mine

The Group owns 51% equity interest of Xizang Changdu, which in turn owns the Walege Mine in which the Group can conduct both open-pit and underground mining. The Group is in the progress of converting its exploration license to mining license.

Mineral exploration

No mineral exploration was conducted in 2020. During 2020, the main activities were the license maintenance as well as application of conversion of exploration license to mining license.

Development

During 2020, the Group incurred development expenditure of approximately RMB3.4 million in respect of submission of planned mining area to the Department of Natural Resources of the Tibet Autonomous Region, preparation works for preliminary design, safety facility design, as well as land reclamation plan etc.

Mining activities

Since the Walege Mine is still in development stage, no mining activity has taken place during the year ended 31 December 2020.

Gold Ridge Mine

Mineral exploration

In order to upgrade and increase the mineral resources as well as to undertake metallurgical recovery optimisation tests, the Gold Ridge Mine launched a drilling project within the Charivunga deposit in 2019. The project comprised 11 designed diamond drill holes ("**DDH**"), of which 4 DDHs were completed in 2020 with drilling hole diameter of 75.7mm-122.6mm, totaling 2,176 meters drilled. It is targeted that the remaining 7 DDHs will be completed in 2021.

During the year ended 31 December 2020, no expenditure of mineral exploration was incurred.

Development

During the year ended 31 December 2020, the Group incurred development expenditure of approximately RMB15.8 million.

Mining activities

Gold Ridge Mine has commenced recommissioning work since September 2020 and is expected to start mining in the first half of 2021 in preparation for trial production towards the end of 2021. No mining activities have incurred for the year ended 31 December 2020.

PROSPECT

We intend to continue to grow our business into a leading non-ferrous mining company in the PRC and South Pacific region through the following major strategies.

Growing production at our mine and outsourcing our mining works

The scale of our production operation in the Xinzhuang Mine has increased to our targeted mining capacity and processing capacity of 600,000 tpa by end of 2014. We planned to further upgrade the mining capacity to 1,000,000 tpa in coming years. To minimise costs, we will continue to outsource our underground mining works to third-party contractors.

Horizontal expansion through future acquisitions of new mines

We intend to further expand our mineral resources and ore reserves through the acquisitions of new mines. We will consider and balance assessment criteria carefully in respect of our acquisition targets, in order to pursue acquisitions prudently with a view to further growing our business and maximising returns to the Shareholders.

OUTLOOK

Looking back at 2020, demand for non-ferrous metals was hit by the epidemic at the beginning of the year, where prices dropped to a historical low. Nonetheless, subsequent to April 2020, it entered into a pattern of rising supply and demand. It is expected that non-ferrous metal such as copper and zinc will be in recovery growth under the support of the global easing policy and distribution of the vaccine. Pursuant to the research report issued by China International Capital Company, commodity prices, especially in the field of non-ferrous metals, will continue to receive fundamental support in 2021.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Company has adopted the PRC laws relating to the mineral industry such as Mineral Resources Law of the PRC (中華人民共和國礦產資源法), the Rules for Implementation of the Mineral Resources Law (中華人民共和國礦產資源法實施細則), the Procedures for the Registration of Mining and Mineral Resources (礦產資源開採登記管理辦法) and other practices to ensure adherence to applicable legal and regulatory requirements and in particular, those that have a significant impact on the operations of the Group. The Board reviews and monitors regularly the Group's policies and practices on compliance with legal and regulatory requirements. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and senior management from time to time.

In addition, as a company listed on the Main Board of the Stock Exchange, the Company is subject to, among others, the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**"). To the best knowledge of the Directors, the Company has complied with the relevant laws and regulations during the year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to protect the interests of the Shareholders. The Company's corporate governance practices are based on principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules. Except for the deviation from code provisions A.2.1 and A.2.7 of the CG Code as described in the relevant paragraphs of this announcement, the Company had complied with the CG Code for the year ended 31 December 2020.

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Gao Mingqing, in addition to his duties as the chairman of the Board (the "**Chairman**"), is also responsible for the strategic planning and overseeing all aspects of the Group's operations as the Chief Executive Officer of the Company. This constitutes a deviation from code provision A.2.1 of the CG Code. Mr. Gao Mingqing as one of the founders of the Group has extensive experience and knowledge in the core business of the Group and his duties of overseeing the Group's operations are clearly beneficial to the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

According to code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. During the year, the Chairman did not hold any meeting with the independent non-executive Directors without other Directors present. Nevertheless, from time to time, the independent non-executive Directors express their views directly to the Chairman via other means including correspondences and emails. The Company is of the view that there is efficient communication between independent non-executive Directors and the Chairman.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the Model Code and the required standards of dealings as set out in the code of conduct for the year ended 31 December 2020 and up to the date of this announcement.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by relevant employees who are likely to possess inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company for the year ended 31 December 2020.

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

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

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2020. The report includes paragraphs of an emphasis of matter, without qualification.

"**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 Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the consolidated financial statements, which indicates that as at 31 December 2020 the Group's current liabilities exceeded its current assets by approximately RMB206,259,000 and the Group had capital commitments contracted for but not provided in the consolidated financial statements of approximately RMB77,899,000, of which approximately RMB55,789,000 is due for payments in the next twelve months from the end of the reporting period. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

AUDIT COMMITTEE

The Audit Committee comprises four independent non-executive Directors, namely Mr. Shen Peng (chairman of the Audit Committee), Mr. Qi Yang, Dr. Lu Jian Zhong and Mr. Wang Xin. The purpose of the establishment of the Audit Committee is for reviewing and supervising the financial reporting process, risk management and internal control system of the Group. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2020 and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.wgmine.com. The 2020 annual report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

By Order of the Board
Wanguo International Mining Group Limited
Gao Mingqing
Chairman

Hong Kong, 31 March 2021

As at the date of this announcement, the Board comprises Mr. Gao Mingqing (Chairman), Ms. Gao Jinzhu, Mr. Xie Yaolin and Mr. Liu Zhichun as executive Directors; Mr. Li Kwok Ping and Mr. Lee Hung Yuen as non-executive Directors; and Dr. Lu Jian Zhong, Mr. Qi Yang, Mr. Shen Peng and Mr. Wang Xin as independent non-executive Directors.