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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

For the Reporting Period:

- the Group's revenue was approximately RMB531.0 million for 1H2019 (1H2018: RMB548.8 million);
- the Continuing Operations recorded Net Profit of RMB6.6 million for 1H2019 (1H2018: RMB1.8 million) while the Discontinued Operations recorded Net Loss of RMB57.4 million for 1H2019 (1H2018: RMB402.2 million). As a whole, the Group reported Net Loss of RMB50.8 million for 1H2019 (1H2018: RMB400.4 million), excluding that of non-controlling interests;
- given the above, the basic and diluted loss per Share attributable to ordinary equity holders of the Company was approximately RMB0.02 for 1H2019 (1H2018: RMB0.18); and
- the Board does not recommend the payment of an interim dividend for 1H2019 (1H2018: Nil).

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

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June **2019** ***RMB'000*** **(Unaudited)**	 2018 *RMB'000* (Unaudited) (Re-presented)
CONTINUING OPERATIONS			
Revenue	*4*	**263,687**	350,506
Cost of sales		**(245,029)**	(324,845)
Gross profit		**18,658**	25,661
Other income and gains	*5*	**3,332**	1,188
Selling and distribution expenses		**(3,833)**	(6,042)
Administrative expenses		**(19,788)**	(12,933)
Other expenses		**(120)**	(2,322)
Reversal of impairment losses on trade receivables, net	*7*	**13,052**	–
Reversal of impairment losses on financial assets included in prepayments, other receivables and other assets, net	*7*	**10**	–
Finance costs	*6*	**(2,006)**	(3,801)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*7*	**9,305**	1,751
Income tax expense	*8*	**(3,353)**	(159)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**5,952**	1,592
DISCONTINUED OPERATIONS			
Loss for the period from Discontinued Operations	*9*	**(58,530)**	(404,933)
LOSS FOR THE PERIOD		**(52,578)**	(403,341)

	Notes	For the six months ended 30 June **2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Unaudited) (Re-presented)
OTHER COMPREHENSIVE INCOME/(LOSS)：			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**295**	(340)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(52,283)**	(403,681)
Loss attributable to:			
Owners of the Company		**(50,829)**	(400,373)
Non-controlling interests		**(1,749)**	(2,968)
		(52,578)	(403,341)
Total comprehensive loss attributable to:			
Owners of the Company		**(50,590)**	(400,649)
Non-controlling interests		**(1,693)**	(3,032)
		(52,283)	(403,681)
EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted			
– For loss for the period	*10*	**RMB(0.02)**	RMB(0.18)
– For profit from Continuing Operations	*10*	**RMB0.00**	RMB0.00

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**165,899**	159,203
Right-of-use assets	*11*	**1,506**	–
Intangible assets	*11*	**737,164**	737,526
Other intangible asset	*11*	**7,104**	7,525
Prepayments, other receivables and other assets	*12*	**1,148**	1,172
Deferred tax assets	*13*	**14,928**	17,601
Total non-current assets		**927,749**	923,027
CURRENT ASSETS			
Inventories		**29,443**	23,627
Trade and bills receivables	*14*	**155,920**	105,229
Prepayments, other receivables and other assets	*12*	**11,799**	21,222
Cash and cash equivalents		**9,527**	33,696
		206,689	183,774
Assets classified as held for sale	*15*	**41,826**	41,169
Assets of a disposal group classified as held for sale	*9*	**1,242,732**	1,297,877
Total current assets		**1,491,247**	1,522,820
CURRENT LIABILITIES			
Trade and bills payables	*16*	**77,666**	54,235
Contract liabilities	*17*	**7,364**	5,811
Other payables and accruals		**87,215**	77,878
Interest-bearing bank and other loans	*18*	**84,556**	84,645
Due to related parties		**13,521**	9,805
Tax payable		**9,834**	9,154
Lease liabilities	*19*	**1,066**	–
		281,222	241,528
Liabilities directly associated with the assets classified as held for sale	*9*	**1,276,920**	1,291,490
Total current liabilities		**1,558,142**	1,533,018

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
NET CURRENT LIABILITIES		**(66,895)**	(10,198)
TOTAL ASSETS LESS CURRENT LIABILITIES		**860,854**	912,829
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	*18*	**15,931**	16,149
Provision for rehabilitation		**1,896**	1,833
Lease liabilities	*19*	**464**	–
Other payables		**1,150**	1,151
Total non-current liabilities		**19,441**	19,133
Net assets		**841,413**	893,696
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*20*	**197,889**	197,889
Reserves		**326,258**	376,848
		524,147	574,737
Non-controlling interests		**317,266**	318,959
Total equity		**841,413**	893,696

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

For the six months ended 30 June 2019

1. CORPORATE INFORMATION

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

During the Reporting Period, the Group was principally engaged in the following principal activities:

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

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

2.1 BASIS OF PREPARATION

The interim condensed financial information for the Reporting Period has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".The interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018.

Going concern basis

As at 30 June 2019, the Group had net current liabilities of RMB66,895,000 (31 December 2018: RMB10,198,000) and incurred a loss of RMB52,578,000 for the Reporting Period (six months ended 30 June 2018: RMB403,341,000).

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

(a) As at 30 June 2019, the Group's total borrowings amounted to RMB100,487,000, of which RMB84,556,000 will be due within twelve months from 30 June 2019. The Group has not experienced any significant difficulties in renewing its short-term bank loans upon their maturities and there is no indication that the banks will not renew the existing bank loans if the Group applies for renewal. The Group will actively negotiate with the banks for the renewal of its borrowings when they fall due to secure necessary facilities to meet the Group's working capital and financial requirements next year. The Directors have evaluated all the relevant facts available to them and are of the opinion that they have a good track record or relationship with the banks so that the bank loans will be renewed upon maturity.

(b) As mentioned in the Group's annual financial statements for the year ended 31 December 2018, the Company has entered into a sales and purchase agreement (the "SPA") with Chengyu Vanadium Titano (the "Purchaser") on 29 January 2019 in respect of the Disposal with the consideration of RMB550,000,000.

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

(d) The Group will proactively implement various strategic plans to streamline its operations to improve profitability and initiate plans to rationalise assets.

Taking into account of the Group's cash flow forecasts prepared by the management which covers a period of twelve months from the end of the Reporting Period; and considering the above-mentioned factors, plans, initiatives and measures, the Directors have reasonable grounds to believe that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future, barring unforeseen circumstances. Accordingly, the preparation of the interim condensed financial information of the Group for the Reporting Period on a going concern basis remains acceptable and appropriate to the Directors.

Should the going concern assumption, for whatever reasons or as a result of changing circumstances, becomes inappropriate, necessary accounting adjustments may have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to accrue or make provisions for additional liabilities, including contingent liabilities that may arise under such circumstances, and accordingly, may have to reclassify non-current assets and non-current liabilities as current assets and current liabilities at realisable values, as the case may be.

The audit committee of the Board has confirmed that it has objectively reviewed the measures mentioned above. The audit committee of the Board and the Board have confidence in the Group's management and concurred with management's view that the Group's business plan for the next twelve months is feasible and achievable.

The Group has actively implemented, or is actively implementing, all the improvement targets outlined above for the purposes of increasing profits and improving the cash flow position of the Group, in order to remove material uncertainties relating to the going concern of the Group for the next twelve months.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the following new standards, interpretations and amendments to a number of IFRSs issued by the International Accounting Standards Board for the first time for the financial year beginning 1 January 2019.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Other than as explained below regarding the impact of IFRS 16, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information.

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

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

New definition of a lease

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of office premises and storage. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other loans.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

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

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

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	RMB'000 (Unaudited)
Assets	
Increase in right-of-use assets	1,892
Liabilities	
Increase in lease liabilities	1,892

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

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	2,053
Weighted average incremental borrowing rate as at 1 January 2019	1.86% – 5.35%
Discounted operating lease commitments as at 1 January 2019	1,892
Lease liabilities as at 1 January 2019	1,892

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period are as follow:

	Right-of-use assets (Plant and machinery) *RMB'000*	**Lease liabilities** *RMB'000*
As at 1 January 2019	1,892	1,892
Depreciation expense	(386)	–
Interest expense	–	46
Payments	–	(408)
As at 30 June 2019	1,506	1,530

The Group recognised rental expense from short-term leases of RMB658,000 (note 7) for the Reporting Period.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and products and has four (six months ended 30 June 2018: two; year ended 31 December 2018: four) reportable operating segments as follows:

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

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

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

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

During the six months ended 30 June 2018, the Directors concluded that there were two separate reporting segments, after the acquisition of Mancala Holdings which principally engages in the business of rendering of specialised mining services. During the year ended 31 December 2018, following operational and strategic reviews, the Directors monitored the results of the Group's operating segments separately into four segments. Following a change in the composition of the Group's reporting segments, the Group has restated the operating segment information for the six months ended 30 June 2018.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from Continuing Operations. The adjusted profit before tax is measured consistently with the Continuing Operations' profit before tax except that other income and gains, other expenses and finance costs are excluded from such measurement.

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

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

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

For the six months ended 30 June 2019

	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segment revenue					
Sales to external customer	**31,308**	**192,332**	**40,047**	**–**	**263,687**
Intersegment sales	**4,057**	**–**	**1,000**	**570**	**5,627**
	35,365	**192,332**	**41,047**	**570**	**269,314**
Reconciliation:					
Elimination of intersegment sales					**(5,627)**
Revenue from Continuing Operations					**263,687**
Segment results	**453**	**16,125**	**(4,114)**	**(4,365)**	**8,099**
Reconciliation:					
Other income and gains					**3,332**
Other expense					**(120)**
Finance costs					**(2,006)**
Profit before tax from Continuing Operations					**9,305**
Other segment information					
Reversal of impairment losses on trade receivables, net *(note 14)*	**(3)**	**(13,049)**	**–**	**–**	**(13,052)**
Reversal of impairment losses on financial assets included in prepayments, other receivables and other assets, net *(note 7)*	**(10)**	**–**	**–**	**–**	**(10)**
Depreciation and amortisation *(note 11)*	**4,527**	**4**	**2,397**	**294**	**7,222**
Capital expenditure* *(note 11)*	**9,142**	**–**	**76**	**3,864**	**13,082**

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

As at 30 June 2019

	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segment assets	**325,230**	**178,774**	**128,599**	**4,514,553**	**5,147,156**
Reconciliation:					
Elimination of intersegment receivables					**(3,995,347)**
Deferred tax assets					**14,928**
Cash and cash equivalents					**9,527**
Assets related to Discontinued Operations					**1,242,732**
Total assets					**2,418,996**
Segment liabilities	**240,147**	**132,898**	**97,861**	**4,169,436**	**4,640,342**
Reconciliation:					
Elimination of intersegment payables					**(4,450,000)**
Interest-bearing bank and other loans					**100,487**
Tax payable					**9,834**
Liabilities related to Discontinued Operations					**1,276,920**
Total liabilities					**1,577,583**

For the six months ended 30 June 2018

	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segment revenue					
Sales to external customer	38,019	263,998	48,489	–	350,506
Intersegment sales	–	–	3,954	–	3,954
	38,019	263,998	52,443	–	354,460
Reconciliation:					
Elimination of intersegment sales					(3,954)
Revenue from Continuing Operations					350,506
Segment results	2,176	4,684	2,579	(2,753)	6,686
Reconciliation:					
Other income and gains					1,188
Other expense					(2,322)
Finance costs					(3,801)
Profit before tax from Continuing Operations					1,751
Other segment information					
Depreciation and Amortisation	5,533	–	3,015	–	8,548
Capital expenditure*	8,221	–	–	–	8,221

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

As at 31 December 2018

	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segment assets	341,335	132,419	120,141	7,300,117	7,894,012
Reconciliation:					
Elimination of intersegment receivables					(6,797,339)
Deferred tax assets					17,601
Cash and cash equivalents					33,696
Assets related to Discontinued Operations					1,297,877
Total assets					2,445,847
Segment liabilities	235,640	103,825	91,325	4,194,882	4,625,672
Reconciliation:					
Elimination of intersegment payables					(4,474,959)
Interest-bearing bank and other loans					100,794
Tax payable					9,154
Liabilities related to Discontinued Operations					1,291,490
Total liabilities					1,552,151

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June			
	2019		2018	
	RMB'000 **(Unaudited)**	*%*	*RMB'000* (Unaudited)	*%*
Revenue from contracts with customers				
Sales of goods:				
High-grade iron concentrates	**31,308**	**11.9**	38,019	10.9
Trading of coals	**6,352**	**2.4**	159,161	45.4
Trading of steels	**185,980**	**70.5**	104,837	29.9
Rendering of specialised mining services	**40,047**	**15.2**	48,489	13.8
	263,687	**100.0**	350,506	100.0

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 June 2019

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

For the six months ended 30 June 2018

Segments	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Type of goods or services					
High-grade iron concentrates	38,019	–	–	–	38,019
Trading of coals	–	159,161	–	–	159,161
Trading of steels	–	104,837	–	–	104,837
Rendering of specialised mining services	–	–	48,489	–	48,489
	38,019	263,998	48,489	–	350,506
Geographical markets					
Mainland China	38,019	263,998	–	–	302,017
Australia	–	–	48,489	–	48,489
	38,019	263,998	48,489	–	350,506
Time of revenue recognition					
Goods transferred at a point in time	38,019	263,998	–	–	302,017
Services transferred over time	–	–	48,489	–	48,489
	38,019	263,998	48,489	–	350,506

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

For the six months ended 30 June 2019

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

For the six months ended 30 June 2018

Segments	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Specialised mining services *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Revenue from contracts with customers					
External customers	38,019	263,998	48,489	–	350,506
Intersegment sales	–	–	3,954	–	3,954
	38,019	263,998	52,443	–	354,460
Intersegment adjustments and eliminations	–	–	(3,954)	–	(3,954)
Total revenue from contracts with customers	38,019	263,998	48,489	–	350,506

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

	For the six months ended 30 June 2019
	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:	
Sale of goods *(note 17)*	**5,811**

5. OTHER INCOME AND GAINS

An analysis of other income and gains was as follows:

		For the six months ended 30 June	
		2019	2018
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Bank interest income		**42**	29
Sale of raw materials		**3**	–
Gain on disposal of items of property, plant and equipment		**96**	24
Remission of general interest charge	*(a)*	**2,888**	–
Miscellaneous		**303**	1,135
		3,332	1,188

Note:

(a) Remission of general interest charge from Australia Tax Office upon settlement of payables during the Reporting Period.

6. FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other loans	**1,896**	3,567
Interest on hire purchase arrangement	**47**	162
Interest on discounted bills receivable *(note 14)*	**–**	13
Unwinding of discount on provision	**63**	59
	2,006	3,801

7. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

		For the six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of inventories sold		**211,493**	285,213
Cost of services rendered		**33,536**	39,632
Reversal of impairment losses on trade receivables, net	*14*	**(13,052)**	–
Reversal of impairment losses on financial assets included in prepayments, other receivables and other assets, net		**(10)**	–
Employee benefit expense (including Directors' remuneration and chief executive's remuneration)		**15,638**	10,470
Depreciation and amortisation expenses	*11*	**7,222**	8,548
Operating lease rentals	*2.2*	**658**	153
Auditor's remuneration		**120**	70
Foreign exchange losses/(gains), net		**(696)**	592

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Continuing Operations	**680**	–
Deferred – Continuing Operations	**2,673**	159
Deferred – Discontinued Operations	**522**	14,928
	3,875	15,087
Total tax charge for the period from Continuing Operations	**3,353**	159
Total tax charge for the period from Discontinued Operations *(note 9)*	**522**	14,928
	3,875	15,087

All subsidiaries domiciled in the PRC are subject to the PRC corporate income tax rate of 25% during the Reporting Period. Pursuant to the income tax rules and regulations in Australia, the Group's subsidiaries located in Australia are liable to Australia corporate income tax at a rate of 30% on the assessable profits generated for the Reporting Period. Pursuant to the income tax rules and regulations in Singapore, the Group's subsidiary located in Singapore is liable to Singapore corporate income tax at a rate of 17% on the assessable profits generated for the Reporting Period.

9. DISCONTINUED OPERATIONS

The Disposal Group is mainly engaged in mining and ore processing and sale of self-produced low-grade iron concentrates and titanium concentrates products mainly in southern region of Sichuan. On 29 January 2019, the Company has entered into the SPA in respect of the Disposal with the Purchaser, particulars of the SPA were set out in the Company's announcement dated 29 January 2019. On 10 June 2019, the Company issued the circular in relation to the Disposal which constitutes a very substantial disposal and connected transaction of the Company under the Listing Rules. On 30 July 2019, the Company announced the completion of the Disposal. As such, management believes that the results and cash flows of the Disposal Group should be presented as discontinued operations for the Reporting Period in accordance with IFRS 5. With the Disposal Group being classified as a discontinued operation, the low-grade iron concentrates and titanium concentrates businesses are no longer included in the note 3 for operating segment information.

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

		For the six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE		**267,276**	198,258
Cost of sales		**(228,218)**	(176,183)
Gross profit		**39,058**	22,075
Other income and gains		**26,762**	106,868
Selling and distribution expenses		**(31,081)**	(37,074)
Administrative expenses		**(20,508)**	(55,979)
Other expenses		**(2,124)**	(12,108)
Write-down of inventories to net realisable value		**–**	(6,149)
Impairment losses on property, plant and equipment	*(a)*	**(35,363)**	(87,776)
Impairment losses on intangible assets	*(a)*	**(3,367)**	(292,794)
Impairment losses on prepaid land lease payments	*(a)*	**–**	(1,042)
Impairment loss on right-of-use assets	*(a)*	**(2,300)**	–
Impairment losses on trade receivables, net		**(3,207)**	–
Impairment losses on financial assets included in prepayments, other receivables and other assets, net		**(164)**	–
Finance costs		**(25,714)**	(26,026)
Loss before tax from Discontinued Operations		**(58,008)**	(390,005)
Income tax expense	*8*	**(522)**	(14,928)
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS		**(58,530)**	(404,933)

Note:

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

In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value in use ("VIU"). Management has performed impairment assessment on all of the carrying amounts of the Group's property, plant and equipment, intangible assets and prepaid land lease payments/right-of-use assets. For the purpose of impairment assessment, Baicao CGU (comprising the mining right to Baicao Mine, stripping activity assets of Baicao Mine and Baicao Processing Plant) and Xiushuihe CGU (comprising the mining right to Xiushuihe Mine, land use right/right-of-use assets of Xiushuihe Mining, Xiushuihe Processing Plant and Hailong Processing Plant) are treated as separate CGUs. The recoverable amounts of Baicao CGU, Xiushuihe CGU, the exploration right of Haibaodang Mine and the mining right of Cizhuqing Mine were estimated based on their respective VIU determined by discounting the future cash flows to be generated from the continuing use of these assets. The recoverable amounts are determined based on the calculation using cash flow projections according to financial budgets covering periods ranging from 6 to 7 years approved by management with pre-tax discount rates ranging between 12.00% and 16.11% (31 December 2018: 12.01% and 15.26%) depending on the nature of the CGU/asset. The cash flows beyond the periods ranging from 6 to 7 years are extrapolated using a zero growth rate until the end of the respective asset useful lives.

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

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

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

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

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

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

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

Based on the above-mentioned impairment assessment, the recoverable amounts, carrying amounts as at 30 June 2019 and impairment provisions for the Reporting Period are as follows:

	Recoverable amount	**Carrying amount**	**Impairment provision**
	RMB'000	*RMB'000*	*RMB'000*
Baicao CGU	128,869	155,741	26,872
Xiushuihe CGU	290,442	304,600	14,158
			41,030

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

Impairment loss recognised on property, plant and equipment

An impairment loss of RMB35,363,000 (six months ended on 30 June 2018: RMB87,776,000) was recognised during the Reporting Period to write down the carrying amounts of Baicao Processing Plant, Xiushuihe Processing Plant and Hailong Processing Plant to their respective recoverable amounts of RMB104,511,000, RMB213,202,000 and RMB65,243,000 as at 30 June 2019.

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

An impairment loss of RMB2,300,000 (six months ended on 30 June 2018: RMB1,042,000) was recognised during the Reporting Period to write down the carrying amounts of prepaid land lease payments/right-of-use assets of Baicao Mine and Xiushuihe Mine to their respective recoverable amounts of RMB8,218,000 and RMB11,997,000 as at 30 June 2019.

Impairment loss recognised on intangible assets

An impairment loss of RMB3,367,000 (six months ended on 30 June 2018: RMB292,794,000) was recognised during the Reporting Period to write down the carrying amounts of the mining right and stripping activity assets of Baicao Mine to their respective recoverable amounts of RMB10,355,000 and RMB5,785,000 as at 30 June 2019.

In relation to Baicao CGU and Xiushuihe CGU that were impaired during the Reporting Period, any variation in the key assumptions above would either result in further impairment or lead to a reversal of impairment.

The impairment losses recognised for Baicao CGU and Xiushuihe CGU were primarily as a result of higher compliance cost due to stringent environmental regulations in recent years. The Group's mining plan was adjusted correspondingly with the increase of inevitable compliance cost due to increasing regulations.

The major classes of assets and liabilities of the Disposal Group classified as held for sale as at 31 December 2018 and 30 June 2019 are as follows:

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000*
ASSETS		
Property, plant and equipment	**404,738**	403,423
Intangible assets	**337,547**	340,666
Right-of-use assets	**20,766**	–
Prepaid land lease payments	**–**	23,064
Payments in advance	**156**	156
Deferred tax assets	**38,696**	39,218
Inventories	**43,793**	45,594
Trade and bills receivables	**15,979**	47,614
Prepayments, other receivables and other assets	**120,984**	138,040
Due from related parties	**27**	27
Cash and cash equivalents	**46**	75
Assets classified as held for sale	**260,000**	260,000
Assets of a disposal group classified as held for sale	**1,242,732**	1,297,877
LIABILITIES		
Trade and bills payables	**128,653**	119,561
Other payables and accruals	**346,149**	364,055
Interest-bearing bank and other loans	**796,098**	802,098
Due to related parties	**449**	449
Tax payable	**(6,931)**	(6,821)
Dividend payable	**1,801**	1,801
Provision for rehabilitation	**10,701**	10,347
Liabilities directly associated with the assets classified as held for sale	**1,276,920**	1,291,490
Net assets/(liabilities) directly associated with the Disposal Group	**(34,188)**	6,387

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Operating activities	**45,993**	78,306
Investing activities	**(31,028)**	(46,797)
Financing activities	**(14,994)**	(31,500)
Net cash inflow/(outflow)	**(29)**	9

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Loss per Share:		
Basic and diluted, from Discontinued Operations	**RMB(0.02)**	RMB(0.18)

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to ordinary equity holders of the parent from Discontinued Operations *(RMB)*	**(57,439,000)**	(402,193,000)
Weighted average number of Shares used in the basic and diluted earnings per Share calculation *(note 20)*	**2,249,015,410**	2,249,015,410

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

The calculation of loss per Share is based on the loss attributable to owners of the Company for the Reporting Period of RMB50,829,000 (six months ended 30 June 2018: RMB400,373,000), and the weighted average number of Shares of 2,249,015,410 (six months ended 30 June 2018: 2,249,015,410) in issue for the Reporting Period.

No adjustment has been made to the basic earnings per Share amounts presented for each of the six months ended 30 June 2018 and 2019 in respect of a dilution as the exercise prices of the Company's outstanding share options were higher than the average market prices for the Company's Shares during each of the six months ended 30 June 2018 and 2019.

11. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, OTHER INTANGIBLE ASSET AND RIGHT-OF-USE ASSETS

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

	Property, plant and equipment *RMB'000* (Unaudited) *(note (a))*	**Intangible assets** *RMB'000* (Unaudited) *(note (b))*	**Other intangible asset** *RMB'000* (Unaudited) *(note (c))*	**Right-of-use assets** *RMB'000* (Unaudited) *(note (d))*
Carrying amounts at 1 January 2019	159,203	737,526	7,525	1,892
Additions	13,082	–	–	–
Depreciation/amortisation charged for the period *(note 7)*	(6,053)	(362)	(421)	(386)
Disposals	(256)	–	–	–
Exchange realignment	(77)	–	–	–
Carrying amounts at 30 June 2019	165,899	737,164	7,104	1,506

Notes:

(a) As at 30 June 2019, payables relating to the hire purchase arrangements were secured by the corresponding machineries with an aggregate carrying amount of Nil (31 December 2018: RMB535,000) (note 18(b)).

(b) As at 30 June 2019, the mining rights of Maoling Mine with a net carrying amount of RMB21,465,000 (31 December 2018: RMB21,826,000) were pledged to secure the Group's bank loans.

(c) Other intangible asset represented trademark with a net carrying amount of RMB7,104,000 arising from the acquisition of Mancala Holdings.

(d) During the Reporting Period, the Group entered into certain long-term lease contracts for office premises. During the Reporting Period, the Group also leased certain residential and office premises under short-term (i.e. within 12 months) lease arrangement. The Group has elected not to recognise right-of-use assets on these short-term lease contracts. There is no restrictions or covenants imposed and no sale and leaseback transactions.

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000*
Current portion:		
Prepayments consisting of:		
Purchase of raw materials and services	**81**	8,725
Utilities	**14**	–
Prepayment for the use right of a road	**47**	47
Other prepayments	**62**	1,572
Other receivables	**11,618**	10,911
	11,822	21,255
Impairment allowance	**(23)**	(33)
	11,799	21,222
Non-current portion:		
Prepayment for the use right of a road	**612**	636
Long-term deposits	**536**	536
	1,148	1,172
	12,947	22,394

13. DEFERRED TAX ASSETS

The movements in deferred tax assets for the six months ended 30 June 2018 and 2019 are as follows:

	Losses available for offsetting against taxable profits *RMB'000*	**Excess tax depreciation over book value of fixed assets** *RMB'000*	**Provision for rehabilitation** *RMB'000*	**Provision for impairment** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Deferred tax assets						
As at 1 January 2018	53,842	3,866	2,722	2,289	7,550	70,269
Deferred tax credited/(charged) to profit or loss during the period from Continuing Operations *(note 8)*	(802)	120	15	–	508	(159)
Deferred tax credited/(charged) to profit or loss during the period from Discontinued Operations *(note 8)*	(15,326)	–	83	–	315	(14,928)
Exchange differences	(245)	–	–	–	–	(245)
As at 30 June 2018 (unaudited)	37,469	3,986	2,820	2,289	8,373	54,937
As at 1 January 2019	**8,188**	**5,978**	**408**	**2,289**	**738**	**17,601**
Deferred tax credited/(charged) to profit or loss during the period *(note 8)*	**(2,662)**	**(23)**	**16**	**–**	**(4)**	**(2,673)**
As at 30 June 2019 (unaudited)	**5,526**	**5,955**	**424**	**2,289**	**734**	**14,928**

As at 30 June 2019, the Group has tax losses arising from Mainland China of RMB29,143,000 (31 December 2018: RMB32,971,000) that would expire in three to five years and deductible temporary differences of RMB117,308,000 (31 December 2018: RMB127,269,000) that were available for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

14. TRADE AND BILLS RECEIVABLES

	30 June 2019 *RMB'000* (Unaudited)	31 December 2018 *RMB'000*
Trade receivables	**164,495**	126,886
Impairment	**(8,605)**	(21,657)
Trade receivables, net of impairment	**155,890**	105,229
Bills receivable	**30**	–
	155,920	105,229

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

An ageing analysis of the trade receivables (net of impairment) as at the end of each reporting period, based on the date of revenue recognised, is as follows:

	30 June 2019 *RMB'000* (Unaudited)	31 December 2018 *RMB'000*
Within 3 months	**139,011**	103,751
3 to 9 months	**13,759**	14
9 to 12 months	**3,150**	–
Over 1 year	**–**	1,464
	155,920	105,229

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

	RMB'000
As at 1 January 2018	340,748
Effect of adoption of IFRS 9	3,096
As at 1 January 2018 (restated)	343,844
Reversal of impairment losses, net	
– From Continuing Operations	(9,898)
– From Discontinued Operations	(3,452)
Write-off of trade receivable allowance	(2,999)
Impairment included in Discontinued Operations	(305,838)
As at 31 December 2018	21,657
As at 1 January 2019	21,657
Reversal of impairment losses, net *(note 7)*	(13,052)
As at 30 June 2019 (unaudited)	8,605

Impairment under IFRS 9 for the year ended 31 December 2018 and six months ended 30 June 2019

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

As at 30 June 2019

	Current	**Past due**	**Total**
Expected credit loss rate	**1.5%**	**100%**	
Gross carrying amount *(RMB'000)*	**157,291**	**7,204**	**164,495**
Settlement subsequently *(RMB'000)*	**63,915**	**–**	**63,915**
Carrying amount subject to credit risk exposure *(RMB'000)*	**93,376**	**7,204**	**100,580**
Expected credit losses *(RMB'000)*	**1,401**	**7,204**	**8,605**

As at 31 December 2018

	Current	Past due	Total
Expected credit loss rate	1.5%	100%	
Gross carrying amount *(RMB'000)*	105,376	21,510	126,886
Settlement subsequently *(RMB'000)*	95,570	–	95,570
Carrying amount subject to credit risk exposure *(RMB'000)*	9,806	21,510	31,316
Expected credit losses *(RMB'000)*	147	21,510	21,657

As at 30 June 2019, the Group endorsed certain bills receivable accepted by banks in the PRC to certain of its suppliers in order to settle the trade payables to these suppliers with a carrying amount in aggregate of RMB83,624,000 (31 December 2018: RMB249,880,000); as at 30 June 2019, the Group did not discount bills receivable (31 December 2018: RMB500,000) (collectively referred to as the "Derecognised Bills"). The Derecognised Bills had a maturity of one to eight months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated advances on discounting and trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equals to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the Reporting Period, there has been no interest expense recognised (six months ended 30 June 2018: RMB13,000) (note 6) on discounted bills receivable. No gains or losses were recognised from the Continuing Involvement, both during the Reporting Period or cumulatively. The endorsement and discount have been made evenly throughout the Reporting Period.

15. ASSETS CLASSIFIED AS HELD FOR SALE

Non-recurring fair value measurements:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	
Unutilised fixed assets for mining service	**41,826**	41,169

The balances as at 31 December 2018 and 30 June 2019 represented the fair value less cost to sell of assets held for sale, which comprised part of plant and equipment of Mancala Holdings Pty Ltd, which would not be utilised in current operation.

The non-recurring fair value measurement for assets classified as held for sale was considered to be Level 2 as at 30 June 2019 (31 December 2018: Level 2), as it was derived from quoted prices in markets that were not active.

16. TRADE AND BILLS PAYABLES

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	
Trade payables	**77,666**	54,235

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

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	
Within 180 days	**73,298**	49,667
181 to 365 days	**159**	–
1 to 2 years	**8**	81
2 to 3 years	**3,200**	3,448
Over 3 years	**1,001**	1,039
	77,666	54,235

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

17. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2018 and 30 June 2019. The balance of contract liabilities is expected to be recovered/settled within one year.

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

	RMB'000
Carrying amount at 1 January 2019	5,811
Revenue recognised during the Reporting Period *(note 4)*	(5,811)
Consideration received from customers, excluding amounts recognised as revenue during the Reporting Period	7,364
Carrying amount at 30 June 2019	7,364

18. INTEREST-BEARING BANK AND OTHER LOANS

	Notes	**30 June 2019 *RMB'000* (Unaudited)**	31 December 2018 *RMB'000*
Bank loans:			
Secured	*(a)*	**83,979**	83,979
Hire purchase arrangements – secured	*(b)*	**–**	96
Other loans, unsecured	*(c)*	**16,508**	16,719
		100,487	100,794
Current		**(84,556)**	(84,645)
Non-current		**15,931**	16,149
Analysed into:			
Bank loans repayable:			
Within one year or on demand		**83,979**	83,979
Hire purchase arrangements repayable:			
Within one year		**–**	96
Unsecured other loans repayable:			
Within one year or on demand		**577**	570
In the second year		**15,931**	15,565
In the third to fifth years, inclusive		**–**	584
		16,508	16,719

Notes:

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

	30 June 2019 *RMB'000* (Amount of bank loans)	31 December 2018 *RMB'000* (Amount of bank loans)
Mining rights of Maoling Mine	**83,979**	83,979

(b) The Group acquired certain of its machinery and other fixed assets through hire purchase arrangements, which were classified as finance leases. As at 30 June 2019, payable relating to the hire purchase arrangements had been repaid.

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

As at 31 December 2018 and 30 June 2019, except for the hire purchase arrangements and other loans which were denominated in AUD, all bank loans were denominated in RMB.

19. LEASE LIABILITIES

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000*
Current	**1,066**	–
Non-current	**464**	–
	1,530	–

20. ISSUED CAPITAL

Shares

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000*
Authorised:		
10,000,000,000 Shares of HKD0.1 each	**880,890**	880,890
Issued and fully paid:		
2,249,015,410 (31 December 2018: 2,249,015,410) Shares of HKD0.1 each	**197,889**	197,889

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

	Number of Shares in issue	**Issued capital** *RMB'000*
As at 1 January 2019 and at 30 June 2019	2,249,015,410	2,249,015,410

21. DIVIDENDS

At a meeting of the Board held on 27 August 2019, the Directors resolved not to pay an interim dividend for the Reporting Period (six months ended 30 June 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

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

- according to the National Bureau of Statistics of the PRC, China's gross domestic product ("GDP") recorded a growth rate of 6.3% for the first half of 2019, compared with 6.8% for the first half of 2018, indicating a slowdown in economic growth momentum. While the downward pressure on China's economy is unlikely to dissipate, domestic consumption continued to be a growth driver in the first half of 2019;

- despite the pledge to cut excessive steel capacity, downstream steel-using industries including property development, railway and infrastructure construction, and home appliances experienced accelerated growth during the period, boosting the demand for steel and partly contributing to the record high steel output volume of 102.0 Mt in April 2019;

- in order to step up on the efforts in eliminating overcapacity, the National Development and Reform Commission of the PRC (the "NDRC") in April 2019 issued the "Notice Concerning Properly Undertaking Work for the Dissolution of Excessive Capacity in Key Sectors in 2019"*（《關於做好2019年重點領域化解過剩產能工作的通知》）, which urged the acceleration of the eradication of the "zombie enterprises", the firmer control of new production capacities, as well as the consolidation of the progress in the nationwide supply-side reform by reviewing the work done from 2016 to 2018;

- the NDRC also called for strict adherence to the excessive steel capacity elimination protocol to ensure stability in the supply-demand balance and prevent market volatility, and for the cultivation of internationally competitive enterprises in the steel industry to create synergistic developments with new economies, new industries, and new ecosystems, which will serve as economic growth drivers and propel the reform and the upgrade of the steel industry;

- to further promote low carbon development and environmental protection, the Ministry of Ecology and Environment of the PRC (the "MEE") and the NDRC in April 2019 jointly issued the "Opinions on Advancing the Implementation of the Ultra-low Emissions in the Steel Industry"*（《關於推進實施鋼鐵行業超低排放的意見》）to set the objectives of completing 60% of conversion to ultra-low emission production in steel enterprises in focused areas before the end of 2020, and over 80% of conversion in areas other than the focused areas before the end of 2025. The document also outlined levies of 75% and 50% of the environmental protection tax for taxable atmospheric pollutants with concentration of less than 30% and 50% of the pollutant discharge standard, respectively;

- in May 2019, the MEE also established the target of shutting down tailings in Sichuan that have not been used for over three years before the end of 2020, among the total of 637 tailings in the province;

- since the beginning of 2019, China's Purchasing Managers' Index ("PMI") has been hovering around the level of 49, with the exceptions of March and April 2019, which registered 50.5 and 50.1, respectively, as a result of inventory replenishment after Chinese New Year and government policy stimulus, but relapsed in May 2019 to 49.4 due to the decline in the number of orders in response to the increase in US tariffs. The PMI for the steel sector has been experiencing high volatility, troughing in January and April 2019 at 45.6 and 46.8, respectively, and peaking in February and May 2019 at 51.5 and 52.1, respectively;

- despite measures taken for the past 18 months to curb overcapacity, steel production volume spiked in the first half of 2019. The production of crude steel increased by over 10% in the first five months of 2019 and set a new record in daily production of 2.8 Mt in April 2019, raising the industry's concern about reverting to excessive overproduction, especially considering the lack of effective long-term mechanism to curb overproduction, according to the China Metallurgical Industry Planning and Research Institute;

- rising steel production capacity drove up the demand and price of iron ore, which was on an upward trajectory due partly to the disruption to the supply-demand balance resulting from the Brazil Vale mine disaster in January 2019. The China Iron Ore Price Index compiled by the China Iron and Steel Association shot past the historic high 400 mark at the beginning of July 2019, whereas it was at the level of 250 in December 2018;

- reflecting the push for environmental protection and clean-up of the steel industry, the demand for high-grade iron ore has jumped since last year, boosting its price. The China 62% TFe Iron Ore Price Index increased twofold to reach approximately 120 at the end of June 2019, from the low level of 62 in July 2018;

- China's steel export dropped by 8.1% in 2018, and continued its decline in the first half of 2019. According to the General Administration of Customs of the PRC, steel export amounted to approximately 34.4 Mt during the first half of 2019, showing a year-on-year decrease of 2.6%; and

- for the titanium industry, the price of titanium concentrates (with over 46% titanium contents) in the Panzhihua region showed a pronounced stability during the first half of 2019. It wavered within the narrow range of RMB1,120-1,200 per tonne, as the weakened demand for downstream titanium dioxide was offset by iron ore's strong uptrend in price and the decreased supply from import.

BUSINESS AND OPERATIONS REVIEW

Market and Strategy Overview

Various economic data of the PRC has never been ideal. First was the impact from the escalating US-China trade tension under which the two countries have slapped tariffs on each other's goods. Then there was the slowest pace of the China's GDP growth in almost three decades which weighed down the shift in iron ore demand. The Group is extremely mindful of these unfavourable signs of warning and their implications on the steel industry. The macroeconomic growth momentum has undoubtedly been affected under such circumstances and the Group continues to see mounting risks in the fragmented iron ore industry with tough regulations on emission control.

Given so, the Group could not and would not expand the operations of its low-grade iron concentrates, which have been incurring losses, are more polluting than other grades of iron concentrates, and are burdened by much higher environmental compliance costs. Under such pressure, the Group would have to restructure its resources, rationalise certain mining assets and streamline its operations for improving efficiencies and reducing impairment risks.

These focused strategies led the Group to specifically reorganise its segmental assets and during the Reporting Period, it announced that it would dispose of the entire stake in those business units which own, operate and manage the Low Fe and Inactive Mines (as part of the Group's major restructuring exercise). On 30 July 2019, the Group announced the completion of these restructuring and disposal plans. It further guided that the Disposal would result in positive financial effects for the Group as a whole and the estimated gain on Disposal is expected to be recorded in the second half of 2019, following the said completion.

Operation and Financial Overview

During the Reporting Period, the Group reported lower revenue, which fell by 3.2% to approximately RMB531.0 million for 1H2019, mainly caused by a major fall in the Group's revenue for trading as a result of a change in product mix for trading business.

Specifically,

- average selling price for low-grade iron concentrates (within the southern region of Sichuan and Panxi Region in particular) increased by approximately 24.3% on average due to global supply decline in the aftermath of the Brazil mining accident in spite of falling demand under the stringent anti-smog policies in China;

- average selling price for high-grade iron concentrates rose by approximately 4.0% – given the Group's focused strategies in improving efficiencies for its High Fe Mines, the mine operations located mainly in the northern region of Sichuan had been able to constantly produce high-grade iron concentrates with an average range of 65% TFe (with an encouraging but small volume of 72% TFe since FY2018); and

- smaller proportion of trading activities given the Group's shift in business direction to progressively reduce its exposure in this segment which requires higher working capital requirements and discretionarily change its trading product mix for improving margins in response to market demand – total purchase and sales volumes of trading activities were approximately 57.3 Kt and 57.3 Kt, respectively, representing a fall of 56.0% and 67.6%, respectively, as compared to 1H2018.

The production and sales volumes for 1H2019 were as follows:

- low-grade iron concentrates were approximately 551.2 Kt and 543.4 Kt, respectively;

- high-grade iron concentrates were approximately 40.2 Kt and 40.3 Kt, respectively; and

- titanium concentrates were approximately 92.3 Kt and 89.1 Kt, respectively.

The Group also recorded higher gross profit of approximately RMB57.7 million and gross profit margin of approximately 10.9% for 1H2019 as compared to 1H2018. Administrative expenses fell by 41.5% to RMB40.3 million in the absence of one-off retrenchment and redundancy compensation in the Reporting Period.

Given the above, the Group recorded lower Net Loss for 1H2019, representing a significant improvement over that for 1H2018. Details of the financial performance of the Remaining Group are set out on pages 39 and 40 of this announcement.

Overview of Mines

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

Continuing Operations – High Fe Mines and Gypsum Mine

Mine	Processing Plant	Status as at 30 June 2019
Maoling-Yanglongshan Mine	Maoling Processing Plant	Producing iron concentrates of high Fe contents *(within the range of 65% TFe to 72% TFe)*
Shigou Gypsum Mine	N/A	Conducted feasibility studies and started trial production in small quantities; to observe and monitor consistency of trial production results, and consider whether they are satisfactory

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

Mine	Processing Plant	Status as at 30 June 2019
Baicao Mine	Baicao Processing Plant	Producing vanadium-bearing iron concentrates of low Fe contents *(within the range of 53% TFe to 55% TFe)*
	Heigutian Processing Plant	Suspended since 2015 and no intention to resume production
Xiushuihe Mine (including expansion)	Xiushuihe Processing Plant	Producing vanadium-bearing iron concentrates of low Fe contents *(within the range of 53% TFe to 55% TFe)*
	Hailong Processing Plant	Producing vanadium-bearing iron concentrates of low Fe contents *(within the range of 53% TFe to 55% TFe)*
	Iron Pelletising Plant	Suspended since 2013 and no intention to resume production
Yangqueqing Mine	N/A	Inactive; vanadium-bearing titano-magnetite of low Fe contents *(average grade of 25.06% TFe)*
Cizhuqing Mine	N/A	Inactive; vanadium-bearing titano-magnetite of low Fe contents *(average grade of 21.40% TFe)*
Haibaodang Mine	N/A	Inactive; vanadium-bearing titano-magnetite of low Fe contents *(average grade of 16.54% TFe)*

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

	Purchase from independent third parties			**Sale to an independent third party**		
	1H2019	1H2018	Change	**1H2019**	1H2018	Change
	(Kt)	*(Kt)*	*%*	***(Kt)***	*(Kt)*	*%*
(i) Trading Sales						
Steels	**50.8**	16.8	202.4	**50.8**	29.4	72.8
Coals	**6.5**	113.5	(94.3)	**6.5**	147.5	(95.6)
	57.3	130.3	(56.0)	**57.3**	176.9	(67.6)

	Production volume (Dry basis)			**Sales volume (Dry basis)**		
	1H2019	1H2018	Change	**1H2019**	1H2018	Change
	(Kt)	*(Kt)*	*%*	***(Kt)***	*(Kt)*	*%*
(ii) Sale of Self-produced Products						
(a) Continuing Operations						
High-grade iron concentrates						
Maoling Processing Plant	**40.2**	48.3	(16.8)	**40.3**	50.9	(20.8)
(b) Discontinued Operations						
Low-grade iron concentrates						
Xiushuihe Processing Plant	**211.5**	286.9	(26.3)	**210.7**	250.3	(15.8)
Hailong Processing Plant	**117.8**	161.3	(27.0)	**–**	–	N/A
Baicao Processing Plant	**221.9**	144.8	53.2	**332.7**	305.2	9.0
	339.7	306.1	11.0	**332.7**	305.2	9.0
Total volume	**551.2**	593.0	(7.0)	**543.4**	555.5	(2.2)
Titanium concentrates						
Baicao Processing Plant	**67.3**	36.5	84.4	**62.8**	33.6	86.9
Xiushuihe Processing Plant	**25.0**	–	N/A	**26.3**	–	N/A
Total volume	**92.3**	36.5	152.9	**89.1**	33.6	165.2

FINANCIAL REVIEW

Note: Pursuant to the announcement on 28 June 2019, the Disposal has been approved by the independent Shareholders at the 2019 EGM. The Disposal was completed on 30 July 2019 subsequent to the reporting date. As a result, the Disposal Group was classified as held for sale and as a discontinued operation during the Reporting Period.

	1H2019 *RMB'000*	1H2018 *RMB'000*	Change *%*
REMAINING GROUP			
Revenue#	**267,744**	354,460	(24.5)
Cost of sales	**(245,029)**	(324,845)	(24.6)
Gross profit	**22,715**	29,615	(23.3)
Other income and gains	**3,332**	1,188	180.5
Selling and distribution expenses	**(3,833)**	(6,042)	(36.6)
Administrative expenses#	**(19,788)**	(16,887)	17.2
Other expenses	**(120)**	(2,322)	(94.8)
Reversal of impairment losses on receivables, net	**13,062**	–	N/A
Finance costs	**(2,006)**	(3,801)	(47.2)
Operating profit before tax from the Remaining Group	**13,362**	1,751	663.1
Income tax expense	**(3,353)**	(159)	NM
Operating profit after tax from the Remaining Group	**10,009**	1,592	528.7
DISPOSAL GROUP			
Loss for the period from the Disposal Group#	**(62,587)**	(404,933)	(84.5)
Loss for the period	**(52,578)**	(403,341)	(87.0)

Presented at gross of intra-group transactions as if the Disposal had taken place on 30 June 2018 and 2019, respectively.

	1H2019	1H2018	Change
	RMB'000	*RMB'000*	*%*
Loss attributable to:			
Owners of the Company	**(50,829)**	(400,373)	(87.3)
Non-controlling interests	**(1,749)**	(2,968)	(41.1)
	(52,578)	(403,341)	(87.0)
Profit/(loss) attributable to:			
Owners of the Remaining Group	**10,667**	1,820	486.1
Non-controlling interests	**(658)**	(228)	188.6
	10,009	1,592	528.7
Loss attributable to:			
Owners of the Disposal Group	**(61,496)**	(402,193)	(84.7)
Non-controlling interests	**(1,091)**	(2,740)	(60.2)
	(62,587)	(404,933)	(84.5)

Revenue

Revenue fell to RMB267.7 million for 1H2019 (1H2018: RMB354.5 million), which was mainly attributable to (i) lower trading volume as a result of discretionary change in trading product mix for better margins in response to market demand and (ii) a slightly lower sales volume for high-grade iron concentrates due to temporary shut down for mandatory inspection on environmental compliance, which the Group's operations have obtained clearance.

Cost of Sales

Cost of sales primarily comprised contracting fees for mining and stripping as well as materials, labour, power and other utilities, repair and maintenance, depreciation and amortisation, and trading purchase. Cost of sales fell to RMB245.0 million for 1H2019 (1H2018: RMB324.8 million), due primarily to less sales activities in general.

Gross Profit and Margin

Gross profit fell to approximately RMB22.7 million (1H2018: RMB29.6 million) on the back of less sales activities while the Group managed to sustain its gross profit margin at approximately 8.5% (1H2018: 8.4%) for 1H2019.

Other Income and Gains

Other income and gains increased to approximately RMB3.3 million (1H2018: RMB1.2 million) as a result of the waiver in respect of overdue interest previously accrued for the specialised mining services.

Selling and Distribution Expenses

Selling and distribution expenses decreased to RMB3.8 million for 1H2019 (1H2018: RMB6.0 million) which was in line with the lower revenue. The selling and distribution expenses primarily comprised transportation fees, logistic costs, storage and other related administrative fees.

Administrative Expenses

Administrative expenses increased to RMB19.8 million for 1H2019 (1H2018: RMB16.9 million) due mainly to higher environmental compliance cost, staff cost and directors' fee.

Other Expenses

Other expenses decreased to RMB0.1 million for 1H2019 (1H2018: RMB2.3 million) due mainly to the absence of one-off expenses during the Reporting Period.

Reversal of Impairment Losses on Receivables, Net

There was a reversal of impairment losses of RMB13.1 million (1H2018: Nil) on recovery of trade receivables for the Remaining Group during the Reporting Period.

Finance Costs

Finance costs decreased to RMB2.0 million for 1H2019 (1H2018: RMB3.8 million) as a result of lower interest rate on refinancing.

Income Tax Expense

Income tax expense increased to RMB3.4 million for 1H2019 (1H2018: RMB0.2 million), as a result of higher taxable profit.

Loss Attributable to Owners

Given the above, the Remaining Group recorded Net Profit of RMB10.7 million for 1H2019 (1H2018: RMB1.8 million) while the Disposal Group recorded Net Loss of RMB61.5 million for 1H2019 (1H2018: RMB402.2 million).

Given that the Net Loss incurred by the Disposal Group outpaced the Net Profit derived from the Remaining Group, the Group reported Net Loss of RMB50.8 million, which was substantially lower than that of RMB400.4 million for 1H2018.

Interim Dividend

The Board does not recommend the payment of an interim dividend for 1H2019 (1H2018: Nil).

LIQUIDITY AND CAPITAL RESOURCES

The following table sets out certain information regarding the Group's interim consolidated statement of cash flows for the six months ended 30 June 2019 and 2018:

	1H2019		1H2018	
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents as stated in the interim consolidated statement of cash flows at beginning of the period		**33,771**		13,286
Net cash flows generated from operating activities	**22,432**		74,242	
Net cash flows used in investing activities	**(28,731)**		(55,580)	
Net cash flows used in financing activities	**(17,585)**		(20,404)	
Net decrease in cash and cash equivalents		**(23,884)**		(1,742)
Effect of foreign exchange rate changes, net		**(314)**		2,045
Cash and cash equivalents as stated in the interim consolidated statement of cash flows at end of the period		**9,573**		13,589

Net Cash Flows Generated From Operating Activities

The Group's net operating cash flows position was RMB22.4 million during 1H2019 (1H2018: RMB74.2 million) after accounting for operating loss before working capital changes of RMB3.6 million incurred largely by the Discontinued Operations (1H2018: operating profit before working capital changes of RMB56.7 million), net working capital investments of RMB25.9 million (1H2018: RMB27.8 million), net interest received of RMB42,000 (1H2018: net interest paid of RMB9.2 million) and income tax paid of RMB1,000 (1H2018: RMB1.0 million).

Net Cash Flows Used In Investing Activities

The Group's net cash flows used in investing activities was RMB28.7 million for 1H2019 (1H2018: RMB55.6 million), due primarily to the investment in and upgrade of plant and equipment of approximately RMB36.9 million (1H2018: RMB54.9 million) for production facilities.

Net Cash Flows Used In Financing Activities

The Group's net cash flows used in financing activities was RMB17.6 million for 1H2019 (1H2018: RMB20.4 million), due primarily to the repayment of bank and other loans, including interest paid during the Reporting Period.

FINANCIAL POSITION

Note: Assets and liabilities of the Disposal Group were classified as held for sale since 31 December 2018. Details of the Discontinued Operations are set out in note 9 to Interim Condensed Financial Information of this announcement.

Analysis of Inventories

The Remaining Group's inventories increased to RMB29.4 million as at 30 June 2019 (FY2018: RMB23.6 million) due mainly to buffer stocks, which were delivered and/or consumed after the Reporting Period.

Analysis of Trade and Bills Receivables

The Remaining Group's trade and bills receivables increased to RMB155.9 million as at 30 June 2019 (FY2018: RMB105.2 million), a significant portion of which has been collected after the Reporting Period.

Assets Classified as Held for Sale

The assets classified as held for sale was RMB41.8 million as at 30 June 2019 (FY2018: RMB41.2 million), relating to equipment for specialised mining services which were held for sale.

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

This related to the classification of the assets and liabilities of the Disposal Group given the Disposal of 100% stake in Huili Caitong.

Analysis of Trade and Bills Payables

The Remaining Group's trade and bills payables increased to RMB77.7 million as at 30 June 2019 (FY2018: RMB54.2 million) due mainly to favourable credit terms granted by long-term suppliers.

Analysis of Net Current Liabilities Position

The Group's net current liabilities position increased to RMB66.9 million as at 30 June 2019 (FY2018: RMB10.2 million), as the Disposal Group, which has been classified as held for sale, continued to record operating losses and impairment losses during the Reporting Period. The current ratio remained close to 1.0 as at 30 June 2019 (FY2018: close to 1.0) following this classification.

Borrowings

Total borrowings of the Remaining Group reduced to RMB100.5 million as at 30 June 2019 (FY2018: RMB100.8 million) due mainly to the repayment during the Reporting Period. As at 30 June 2019, except for other loans which were denominated in AUD, all bank loans were denominated in RMB. Details of borrowings of the Group are set out in note 18 to Interim Condensed Financial Information of this announcement.

Lease Liabilities

The Group started to adopt new IFRS 16 *Leases* effective from 1 January 2019, which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. As at 30 June 2019, the lease liabilities mainly comprised office leases.

Contingent Liabilities

As at 30 June 2019, the Group did not have any material contingent liabilities.

Pledge of Assets

The Group's pledge of assets as at 30 June 2019 mainly consisted of:

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

(ii) interest-bearing bank loans of RMB305.9 million granted by China Construction Bank Huili Branch to Huili Caitong, which was secured by the mining right of Baicao Mine; and

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

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

Other than as disclosed elsewhere in this management discussion and analysis ("MD&A") or in the unaudited condensed consolidated financial statements for 1H2019, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during 1H2019. Other than as disclosed in this MD&A, there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

Foreign Currency Risk

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

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

The following table demonstrates the sensitivity to a 5.0% change in RMB against HKD, USD, AUD, SGD and VND, respectively. The 5.0% is the rate used when reporting currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign currency rate. The sensitivity analyses of the Group's exposure to foreign currency risk at the end of each reporting period have been determined based on the adjustment of translation of the monetary assets and liabilities at the end of each reporting period for a 5.0% change in RMB against HKD, USD, AUD, SGD and VND, respectively, with all other variables held constant, of the Group's loss before tax for the six months ended 30 June 2019 (due to changes in the fair value of cash and cash equivalents and financial assets at fair value through profit or loss denominated in HKD, USD, AUD, SGD and VND):

	RMB'000
Increase/(decrease) in loss before tax:	
If RMB strengthens against HKD, USD, AUD, SGD and VND	343.6
If RMB weakens against HKD, USD, AUD, SGD and VND	(343.6)

Interest Rate Risk

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

Contractual Obligations

The Group had no contractual obligations as at 30 June 2019 and 31 December 2018.

Capital Expenditure

The Group's total capital expenditure increased by RMB2.3 million to RMB50.0 million for 1H2019 (1H2018: RMB47.7 million). The capital expenditure comprised mainly (i) additions in machinery and building aggregated to RMB36.7 million for the technical improvement with a view to potentially increase the grade of low-grade iron concentrates; and (ii) additions in mining infrastructure aggregated to RMB13.0 million mainly for the mines in the Remaining Group.

Gearing Ratio

Gearing ratio is a measure of financial leverage, which is calculated by net debt divided by "total equity plus net debt". Net debt is defined as interest-bearing bank and other loans and lease liabilities, net of cash and cash equivalents and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to owners of the Company and non-controlling interests. As at 30 June 2019, gearing ratio was approximately 9.9% (FY2018: 7.0%) following the liabilities of the Disposal Group having been classified as held for sale.

OTHER SIGNIFICANT EVENTS

The Disposal

On 29 January 2019, Sichuan Lingyu entered into a sales and purchase agreement in respect of the Disposal with Chengyu Vanadium Titano and the independent Shareholders approved the Disposal at the 2019 EGM. Upon the completion of the Disposal on 30 July 2019, the Disposal Group (i) ceased to be the subsidiaries of the Group and (ii) has since become the subsidiaries of Chengyu Vanadium Titano.

As the relevant substantial Shareholders collectively hold more than 30% equity interests in Chengyu Vanadium Titano, which in turn becomes the holding company of the Disposal Group immediately upon the completion of the Disposal, each entity of the Disposal Group becomes connected persons (as defined under the Listing Rules) of the Remaining Group. Accordingly, after the completion, certain existing ongoing transactions between the Remaining Group and the Disposal Group have become continuing connected transactions of the Company and the Company will comply with the annual review and disclosure requirements in respect of the continuing connected transactions under the Listing Rules.

Please refer to the Company's announcements dated 29 January 2019, 29 March 2019, 30 April 2019, 10 May 2019, 28 June 2019 and 30 July 2019 and the circular of the Company dated 10 June 2019 for details.

The Disruption of Operations of the Maoling-Yanglongshan Mine in Wenchuan County

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

The Mudslides and the torrential rainfall have also caused major disruptions to the Group's operations at the Maoling-Yanglongshan Mine, which is located in the Wenchuan County. The provincial emergency management bureau has since initiated several rounds of evacuation and some of which are still underway. Meanwhile, the Group has also evacuated its employees working at or near the Maoling-Yanglongshan Mine for safety reasons and temporarily suspended the operations of the Maoling-Yanglongshan Mine.

As at the date of this announcement, the rain-triggered disasters have not resulted in any material damage to the Group's assets at the Maoling-Yanglongshan Mine.

Please refer to the Company's announcement dated 23 August 2019 for details.

OUTLOOK

The escalating US-China trade tensions and the tariff war have many unforeseen ramifications creating complex scenarios on the prospects of China's economic growth. These concerns are further complicated by the global economic uncertainty in this state of flux. Whilst the slower China's GDP growth in 2018 was not unexpected, it was at its weakest pace in almost 30 years that a further slowdown seems unavoidably imminent. Meanwhile, the plans of introducing stimulus programs to spur local economic activities are necessary and the sustainability of the effects are closely watched and monitored across several major industries.

The steel industry was among the first to suffer. While the industry went through the dual pressures of high cost and oversupply amidst supply-side reform, there were also a myriad of factors limiting the supply of iron ore which have fragmented the iron ore markets, pushed up the demand and price of the less polluting high-grade iron ore partly as a result of the concerted efforts to clean up steel production and control pollution. However, many anticipate that overall demand for iron ore in China may continue in a downtrend as investment sags and manufacturing performance slips, and the effects of the stimulus measures to support infrastructure projects may subside.

Under such observations, the Group conducted major strategic reviews and decided to divest its loss-making and under-utilised Low Fe and Inactive Mines as part of its major restructuring exercise. The Disposal has since been approved by the independent Shareholders and was completed on 30 July 2019. The Disposal would help to streamline the mining assets of the Group and strengthen its financial position, going forward.

Outside China, worldwide steel demand forecast for the 18 months ending 31 December 2020 shows a decelerating growth rate due to a moderating global economy. For the iron ore market, pressure driving up the price may persist as a result of the global supply decline in the aftermath of the Brazil mining accident, which will also lead to rising mining costs associated with enhanced safety regulations and mining operations diverting their emphasis from growth to safety. While this will further propel the increase in iron ore price, the trends are likely to remain volatile. The Group will closely monitor the price and industry trends to strategically position itself for potential scenarios that might prove relevant.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 June 2019, the number of employees of the Group was 991 (31 December 2018: 998). During the Reporting Period, employee benefit expense (including Directors' remuneration in the form of salaries and other allowances) was approximately RMB46.2 million (six months ended 30 June 2018: RMB54.9 million).

The emolument policies of the Group are based on performance, experience, competence and market comparables. The remuneration package generally comprises salary, housing allowance, contribution to pension scheme and discretionary bonus relating to the performance of the Group. The Group has also adopted share option schemes for its employees, providing incentives and rewards to eligible participants with reference to their contribution.

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

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

CORPORATE GOVERNANCE

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

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

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the Shareholders. Mr. Yu Haizong and Mr. Wu Wen did not attend the annual general meeting held on 19 June 2019 due to other business commitments.

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

REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

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

GLOSSARY

"1H2018"	the six months ended 30 June 2018
"1H2019" or "Reporting Period"	the six months ended 30 June 2019
"2019 EGM"	the Shareholders' extraordinary general meeting held on 28 June 2019
"Aba Mining"	Aba Mining Co., Ltd.*（阿壩礦業有限公司）, a limited liability company established in the PRC on 27 February 2004 and an indirect wholly-owned subsidiary of the Company
"Articles"	the articles of association of the Company, adopted on 4 September 2009 and as amended from time to time
"Australian dollars" or "AUD"	the lawful currency of the Commonwealth of Australia
"Baicao Mine"	白草鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan and operated by Huili Caitong, with a mining area of 1.88 sq.km.
"Baicao Processing Plant"	the ore processing plant located near the Baicao Mine and operated by Huili Caitong
"Board"	the board of Directors
"Chengyu Vanadium Titano"	Chengyu Vanadium Titano Technology Ltd.*（成渝釩鈦科技有限公司）, formerly known as Weiyuan Steel Co., Ltd.*（威遠鋼鐵有限公司）, a sino-foreign equity joint venture established in the PRC on 3 April 2001 and a connected person to the Group

“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Cizhuqing Mine”	茨竹箐鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan and operated by Huili Caitong, with a mining area of 1.279 sq.km.
“Company”	China Vanadium Titano-Magnetite Mining Company Limited, a limited liability company incorporated in the Cayman Islands on 28 April 2008
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Continuing Operations”	operations of the Remaining Group
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company or any one of them
“Discontinued Operations”	operations of the Disposal Group
“Disposal”	the sale transaction of Disposal Group to Chengyu Vanadium Titano which was entered into on 29 January 2019 and completed on 30 July 2019
“Disposal Group”	Huili Caitong and its subsidiaries, namely Xiushuihe Mining and Panzhihua Yixingda
“Fe”	chemical symbol of iron element
“FY2018”	financial year ended and/or as at 31 December 2018
“Group”	the Company and its subsidiaries
“Gypsum”	a soft hydrous sulfate mineral with the chemical formula $CaSO_4 \cdot 2H_2O$
“Haibaodang Mine”	海保凼鐵礦, the vanadium-bearing titano-magnetite mine located in Renhe District, Panzhihua City, Sichuan, with an exploration area of 26.2 sq.km.
“Hailong Processing Plant”	the ore processing plant located near the Cizhuqing Mine and operated by Huili Caitong

"Heigutian Processing Plant"	the ore processing plant located near the Yangqueqing Mine and owned by Huili Caitong
"High Fe Mines"	Maoling-Yanglongshan Mine and Maoling Processing Plant
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HKD"	the lawful currency of Hong Kong
"Huili Caitong"	Huili County Caitong Iron and Titanium Co., Ltd.*（會理縣財通鐵鈦有限責任公司）, established in the PRC on 7 July 1998 and has been a foreign equity joint venture in the PRC since 29 December 2010, an indirect wholly-owned subsidiary of the Company till 30 July 2019
"IFRSs"	International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board and the International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect
"Inactive Mines"	Cizhuqing Mine, Yangqueqing Mine and Haibaodang Mine
"iron"	a silvery-white, lustrous, malleable, ductile, magnetic or magnetisable, metallic element occurring abundantly in combined forms, notably in hematite, limonite, magnetite, and taconite, and alloyed for use in a wide range of important structural materials
"iron concentrate(s)"	concentrate(s) whose main mineral content (by value) is iron
"iron ore"	compounds of iron and oxygen (iron oxides) mixed with impurities (gangue); it is a mineral which when heated in the presence of a reductant will yield metallic iron
"iron pellet(s)"	a round hardened clump of iron-rich material suitable for application in blast furnaces
"Iron Pelletising Plant"	the plant that produces iron pellets and is located in Huili County, Sichuan, which is approximately 5.5 km. from the Xiushuihe Mine and operated by Huili Caitong
"km."	kilometre(s), a metric unit measure of distance
"Kt"	thousand tonnes

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Low Fe Mines"	Baicao Mine, Baicao Processing Plant, Xiushuihe Mine (including expansion), Xiushuihe Processing Plant, Hailong Processing Plant, Heigutian Processing Plant and Iron Pelletising Plant
"Mancala Holdings"	Mancala Holdings Limited, the legal and beneficial owner of the entire issued share capital of Mancala Holdings Pty Ltd.
"Maoling Extended Exploration Area"	formerly an independent exploration region with an area of 2.83 sq.km. covered under the extended exploration permit of the Maoling Mine (covering 1.9 sq.km. of the mining area of the Maoling Mine), has been consolidated with the Yanglongshan Mine since September 2012 to form the Maoling-Yanglongshan Mine
"Maoling Mine"	毛嶺鐵礦, an ordinary magnetite mine located in Wenchuan County, Sichuan, with a mining area of 1.9 sq.km.
"Maoling Processing Plant"	the ore processing plant located near the Maoling-Yanglongshan Mine and operated by Aba Mining
"Maoling-Yanglongshan Mine"	毛嶺－羊龍山鐵礦, an exploration region with a total area of 11.6 sq.km. covered under the exploration permit of the Maoling-Yanglongshan Mine (the mining area covered is owned by the Maoling Mine), formed from the combination of the Maoling Extended Exploration Area and the Yanglongshan Mine since September 2012 and operated by Aba Mining
"mining right(s)"	the right(s) to mine mineral resources and obtain mineral products in areas where mining activities are licensed
"Mt"	million tonnes
"NM"	not meaningful. For the purpose of this announcement, the Board has taken the view that percentage change of more than 1,000% is not meaningful
"N/A"	not applicable
"Net Profit" or "Net Loss"	profit or loss attributable to owners

"ore processing"	the process which in general refers to the extraction of usable portions of ores by using physical and chemical extraction methods
"Panzhihua Yixingda"	Panzhihua Yixingda Industrial Trading Co., Ltd.*（攀枝花易興達工貿有限責任公司）, a limited liability company established in the PRC on 9 July 2009 and an indirect wholly-owned subsidiary of the Company till 30 July 2019
"Remaining Group"	the Company and its subsidiaries excluding the Disposal Group
"Renminbi" or "RMB"	the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of HK$0.1 each
"Shareholder(s)"	holder(s) of the Share(s)
"Shigou Gypsum Mine"	石溝石膏礦, a gypsum mine located at Hanyuan County, Ya'an City, Sichuan, with a mining area of 0.1228 sq.km.
"Sichuan"	the Sichuan province of the PRC
"Sichuan Lingyu"	Sichuan Lingyu Investment Co., Ltd.*（四川省凌御投資有限公司）, a limited liability company established in the PRC on 9 June 2010 and an indirect wholly-owned subsidiary of the Company
"Singapore dollars" or "SGD"	the lawful currency of the Republic of Singapore
"sq.km."	square kilometre(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TFe"	the symbol for denoting total iron
"titanium concentrate(s)"	concentrate(s) whose main content (by value) is titanium dioxide
"Trisonic International"	Trisonic International Limited, a company incorporated in Hong Kong on 19 July 2006 and a Controlling Shareholder
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"US dollars" or "USD"	the lawful currency of the United States
"Vietnamese dong" or "VND"	the lawful currency of the Socialist Republic of Vietnam
"Xiushuihe Mine"	秀水河鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan and operated by Xiushuihe Mining, with a mining area of 0.52 sq.km.
"Xiushuihe Mining"	Huili County Xiushuihe Mining Co., Ltd.*（會理縣秀水河礦業有限公司）, a limited liability company established in the PRC on 26 June 2007, an indirect subsidiary of the Company that owns 95.0% equity interest till 30 July 2019
"Xiushuihe Processing Plant"	the ore processing plant located at the Xiushuihe Mine and operated by Xiushuihe Mining
"Yanglongshan Mine"	羊龍山鐵礦, an ordinary magnetite mine located in Wenchuan County, Sichuan, formerly an independent exploration region with an area of 8.79 sq.km. covered under the exploration permit of the Yanglongshan Mine, and has been consolidated as the Maoling-Yanglongshan Mine with the original Maoling Extended Exploration Area since September 2012
"Yangqueqing Mine"	陽雀箐鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan, with a mining area of 0.25 sq.km.

* *For identification purpose only*

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

Hong Kong, 27 August 2019

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

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