Greenway Mining Group Limited
信盛礦業集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2133

ANNUAL REPORT

2019

******For identification purpose only*

CONTENTS

ABOUT US

We are the investor and operator of lead, zinc, silver polymetallic mines in China and Myanmar. We mine and process lead, zinc and silver polymetals, and our products are mainly sold to mainland China. Our principal place of business in the PRC is located in Kunming, Yunnan Province, China.

OUR BUSINESS MODEL

We invest resources, experience and expertise in mining operation by using the advanced technology and good corporate governance standards, striving to provide the customers with quality products and minimizing adverse impact to the environment. The following chart illustrates the company's business model.

Exploration and Valuation

We continue to invest in exploration to discover newly rich with high quality mineral resources to satisfy our production needs.

Mining

We invest in upstream mining and related research and analysis, as well as infrastructure facilities to optimize the mining life in line with environmentally friendly principles.

A SNAPSHOT IN 2019

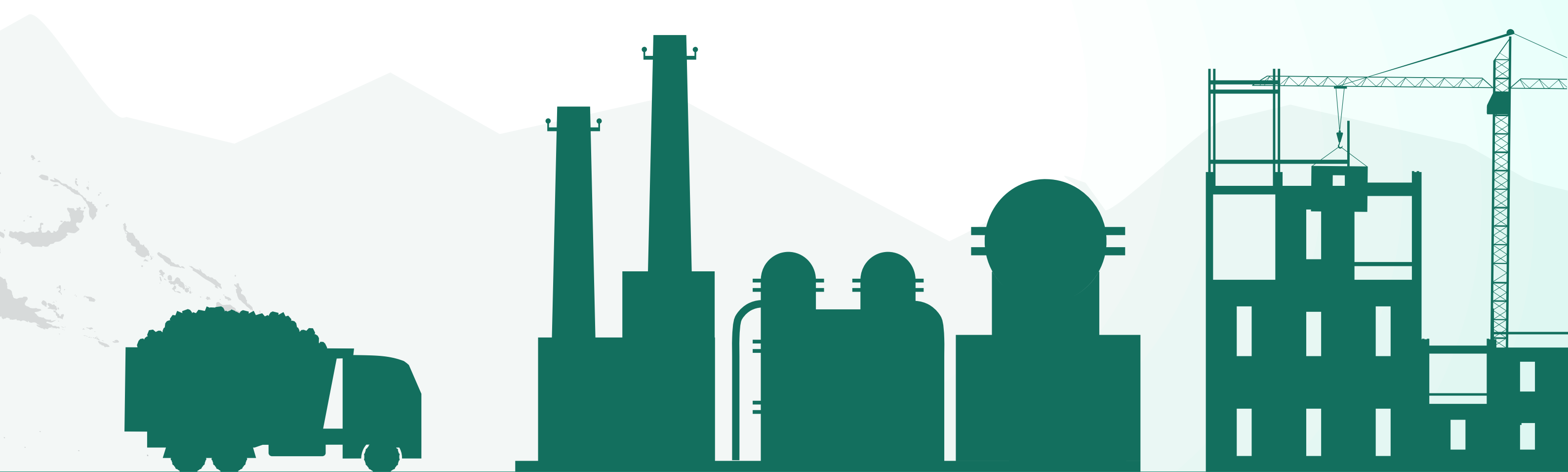
2019 MAIN FIGURES

Our major products are **Lead and Zinc Ores** and **Lead, Zinc** and **Silver Concentrates**

We have more than **200 Employees**

During the year, **No Fatalities** were happened and **No Injuries** were recorded

We produced a total of **183,200 Tonnes of Lead and Zinc Ores, 11,709 Tonnes of Lead-Silver Concentrates** and **3,929 Tonnes of Zinc-Silver Concentrates** in 2019



Ore Processing

We process the ores and refine them in a safely manner.

Sales and Marketing

We transport the produced and processed products to mainland China for sale.

CORPORATE INFORMATION

DIRECTORS

Executive Director
Mr. Lei Dejun

Non-Executive Directors
Mr. Yin Bo *(Chairman)*
Mr. Chan Suk Ching
Mr. Zhang Yonghua

Independent Non-Executive Directors
Mr. Ma Shirong
Mr. Chi Hongji
Mr. Dong Tao

AUDIT COMMITTEE

Mr. Ma Shirong *(Chairman)*
Mr. Chan Suk Ching
Mr. Dong Tao

NOMINATION AND REMUNERATION COMMITTEE

Mr. Chi Hongji *(Chairman)*
Mr. Ma Shirong
Mr. Yin Bo
Mr. Dong Tao

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

Mr. Lei Dejun *(Chairman)*
Mr. Chi Hongji
Mr. Zhang Yonghua

STRATEGY COMMITTEE

Mr. Lei Dejun *(Chairman)*
Mr. Yin Bo
Mr. Chan Suk Ching
Mr. Zhang Yonghua

COMPANY SECRETARY

Ms. Chan Wai Ling

AUTHORISED REPRESENTATIVES

Mr. Lei Dejun
Ms. Chan Wai Ling

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 102, Unit 1, Building 1
Ruiyuan, Jinjiang Community
Yanchang Line, Beijing Road
Panlong District, Kunming City
Yunnan Province, China

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2510, 25/F
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

AUDITORS

Ernst & Young

INVESTOR RELATIONS CONTACT

Room 2510, 25/F
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Telephone: +852 2180 7577
Facsimile: +852 2180 7580
E-mail: ir@greenwaymining.com

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of Communications
China Merchants Bank
Citibank, N.A.
Ping An Bank

STOCK CODE

2133

WEBSITE ADDRESS

www.greenwaymining.com

FINANCIAL HIGHLIGHTS

The Group's summary of published results for the years ended 31 December 2015, 2016, 2017, 2018 and 2019 and the figures of assets, liabilities and non-controlling interests as at 31 December 2015, 2016, 2017 , 2018 and 2019 are set out below:

	For the year ended 31 December				
	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000	2015 RMB'000
Revenue	**109,483**	195,012	113,294	22,801	92,509
Cost of sales	**(100,031)**	(150,455)	(100,662)	(23,861)	(56,569)
Gross profit/(loss)	**9,452**	44,557	12,632	(1,060)	35,940
Other income and gains	**4,845**	15,299	2,589	2,540	19,127
Gain on a bargain purchase	**–**	–	88,369	–	–
Selling and distribution costs	**(5,553)**	(5,650)	(1,363)	(605)	(953)
Administrative expenses	**(37,297)**	(37,386)	(36,069)	(51,708)	(49,166)
Other expenses*	**(5,562)**	(6,434)	(69,891)	(51,445)	(79,765)
Share of losses of an associate	**(2,618)**	–	–	–	–
Finance costs	**(25,776)**	(21,110)	(30,775)	(43,971)	(52,629)
Profit/(loss) before tax	**(62,509)**	(10,724)	(34,508)	(146,249)	(127,446)
Income tax credit/(expenses)	**(19,769)**	(5,440)	(8,558)	18,031	31,887
Profit/(loss) for the year	**(82,278)**	(16,164)	(43,066)	(128,218)	(95,559)
Other comprehensive loss:					
Other comprehensive loss to be reclassified to profit or loss in subsequent years:					
Exchange differences on translation of foreign operations	**5,483**	(3,151)	(578)	–	–
Total comprehensive loss for the year	**(76,795)**	(19,315)	(43,644)	(128,218)	(95,559)
Loss attributable to:					
Owners of the Company	**(70,789)**	(8,639)	(40,754)	(126,865)	(94,084)
Non-controlling interests	**(11,489)**	(7,525)	(2,312)	(1,353)	(1,475)
	(82,278)	(16,164)	(43,066)	(128,218)	(95,559)
Total comprehensive loss attributable to:					
Owners of the Company	**(66,077)**	(11,089)	(41,332)	(126,865)	(94,084)
Non-controlling interests	**(10,718)**	(8,226)	(2,312)	(1,353)	(1,475)
	(76,795)	(19,315)	(43,644)	(128,218)	(95,559)
Earnings/(loss) per share attributable to ordinary equity holders of the Company (RMB)				restated	restated
— Basic and diluted**	**(0.020)**	(0.002)	(0.016)	(0.063)	(0.047)

* For comparison purpose, impairment losses aggregated to RMB2,932,000 in 2019, RMB677,000 in 2018, RMB63,661,000 in 2017 and RMB50,942,000 in 2016 were included in "Other expenses".

** The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the years 2015 to 2016 have been adjusted and restated for the rights issue on the basis of one rights share for every two existing shares held by shareholders of the company at the price of HK$0.12 per share.

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2019	2018	2017	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**2,308,859**	2,512,448	2,532,538	2,270,941	1,700,530
Current assets	**39,636**	73,775	147,464	69,572	785,131
Current liabilities	**221,025**	348,885	719,214	777,324	505,105
Non-current liabilities	**377,199**	391,372	95,734	33,920	323,156
Total equity	**1,750,271**	1,845,966	1,865,054	1,529,269	1,657,400
Non-controlling interests	**203,174**	236,567	250,053	62,344	63,697
Equity attributable to the owners of the Company	**1,547,097**	1,609,399	1,615,001	1,466,925	1,593,703

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

Since 2019, the market demands for lead and zinc, the Group's main products, continued to remain weak, and the selling prices for lead and zinc hovered downwards, which brought severe challenges to lead and zinc mineral resources producers (including the Group). During the year, the management and all employees adhered to the pioneering operation strategy to accelerate adjustment and develop stably, thus fully implemented the operating measures of expanding income sources, saving costs and improving efficiency, consolidated the exploration, development and operation of the mine, and steadily developed the trading business, thereby maintained the Group's business development and steady operation.

Deepening Reforms and Marching Ahead

Confronting the severe market situation of low lead and zinc selling prices, and the effects on production caused by the gradual tightening of the environmental protection, safety and rectification policies and requirements of the Myanmar and Chinese governments, especially the abnormal changes of the faults in our major operating mine, the production progress of the Group lagged behind the original schedule. In the second half of the year, the Group focused on long-term and stable development, enhanced the adjustment of the production system of mines, and expanded investment in production and exploration of key mines. The underground mining project of the Aung Jiujia Mine in Myanmar and the development project in northeast part of Dakuangshan Mine have been implemented. At the same time, the Group stabilized and strengthened existing production management, strengthened cost control and risk control and continued to proactively proceed with mining rights application and continuation works. After a comprehensive and systematic review on existing resources, we again put our focus on developing major operating mines, formulated production plans which combined both exploration and production, and steadily conducted various rectification works, thereby gradually building up a sustainable and stable basic operating framework, with a view to establishing a solid foundation for the ongoing development of the Group in the future.

Expanding Income Sources, Saving Costs and Improving Efficiency

The Group closely monitored all operating expenses and enhanced its budget control, actively improved its production technology to reduce energy consumption and enhanced efficiency, with a view of implementing cost saving in all aspects commencing from the source and during the process and advancing the institutionalisation and long-term construction of cost saving and efficiency enhancement. At the same time, the Group also actively developed multi-point cooperation model with surrounding mines according to the actual operation of our mines. The Group actively explored and verified our existing mine reserves and increased new developable mines, while cautiously examining new projects with high efficiency and high potential. The Group further consolidated and expanded various cooperative trading businesses, and actively explored and developed diversified development models and implemented various measures for broadening sources of income with a view to fostering new profit growth points.

People Oriented Culture and Caring for Society

The Group has always adhered to a "People Oriented" corporate culture that aims at "Contributing to Society", placing great emphasis on the personal growth of its employees and striving to fulfil the corporate social responsibility of the Group. The Group gives high attention to issues regarding occupational health and safety production. The Group also provides targeted, systematic and forward-looking training (including occupational safety, technical know-how, communication and management skills, etc.) and promotional opportunities to its staff from time to time, in order to constantly improve the quality of its team, unleash the potential of its staff with the goal of complementing its sustainable development. The Group is committed to promoting and implementing relevant social responsibilities and pays close attention to the interests of all parties in the region where our mining operations are located. In addition to strictly adhering to PRC and Myanmar laws and regulations regarding mining production and environmental protection, the Group also continued its active investment in safety and environmental protection as well as the construction and development of the local communities.

With the purpose of creating an eco-friendly environment, the Group will continue to enhance the level of mining safety and environmental protection as well as ecological construction in accordance with the requirement for comprehensive green mining construction. At the same time, the Group will have strict control on resource consumption and continue to conduct research on and implement various energy-saving and reduction measures in order to keep the impact on the natural environment to the minimal. In addition, the Group also highly respects the importance of the communication with the communities in the region where our mines are operated. We consistently and proactively participate in environmental construction, including improving and upgrading the surrounding living facilities for our mines and processing plants, caring the surrounding education environment, participating in regional ethnic cultural activities and donating cash to foster the development of the local community.

Expressing Sincere Gratitude and Riding Out the Hard Time

I, on behalf of the Board and management, would like to express my sincere gratitude to all Shareholders, investors and business partners for their loyal support in the tough business environment in 2019. We believe that with the full support and joint efforts of all directors, management and employees, the Group will be able to overcome difficulties and accelerate development in 2020, and take the production and operation to a new level to continuously create new value for the Shareholders and society.

By Order of the Board
Greenway Mining Group Limited
Yin Bo
Chairman

Hong Kong, 20 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2019, the global tensions intensified and the trade disputes erupt frequently. Against such a circumstance of increasingly complicated international relations and tense regional geopolitics, the market was hit by anti risk sentiment. With the escalating friction in Sino-US trade, the domestic economic growth in the PRC slowed down with significant downward pressure on its economic development. As a result, the domestic end-user demand for lead and zinc in the PRC declined gradually, with the selling prices of these metals remained at a low level. The selling price for zinc had rallied before dropping to a low level, while the lead price dropped steadily as the processing costs for lead concentrates kept growing. As compared with the previous year, the selling prices of these metals volatiled with a weakening trend, as the industry was under increasing pressure to undergo structural adjustments.

On the supply side, the integration of resources and the excess capacity reduction policy promulgated by the government further amplified the industrial concentration for lead production industry. As the green upgrading of old capacities was completed and newly added capacities were released in a concentrated manner, the supply pressure gradually built up, and the domestic lead concentrate processing costs increased steadily, which led to a continual decrease in supply of raw lead concentrates in the PRC. In addition, the domestic market's reliance on overseas supply of lead concentrates further increased, while the production cost of recycled lead concentrates decreased as a result of the continual decrease in the price of waste batteries, being the main raw material for making recycled lead concentrates. All these driving forces boost the production of recycled lead concentrates, as the production proportion of recycled lead grew compared with 2018. Overall, the lead market had a sufficient supply in 2019, and the selling price for lead was consequently under pressure.

On the demand side, the supply of raw lead ores was abundant during the year, with the distributors mostly depleting their inventories and the downstream consumption remained weak. On the end-users consumption side, although the sales of automotive picked up momentum during the year, the market of consumer goods as a whole only showed limited improvement. Moreover, the declining investment in the domestic manufacturing industry, the saturated markets of infrastructures, real estate and major appliance, and the continued soften demand for lead-acid batteries due to the development of the new energy industry all led to a lowering demand side and a weak lead price. The government continued to tighten policies on lead-acid batteries due to more stringent environmental issues, imposing stricter standards on the industry. The industry of lead-acid batteries thus entered into a reshuffling process with the strongest survived. As a result, the lead battery industry further centralised on those qualified top players, with some of the small and medium enterprises being eliminated. The market further centred around those top players, and thus the Group's customer groups further concentrated on those top players that were further growing. Although this had no significant impact on the sales of the Group's products as a whole, the Group's bargaining power in various aspects of sale was undermined.

In view of the above factors, the selling prices of the Group's major products, namely lead and zinc concentrates, fluctuated downwards in 2019. Notwithstanding such prices rallied in the middle of 2019, the average selling prices for the year recorded a decrease as compared with 2018, which created great pressures and obstacles to the development of the Group.

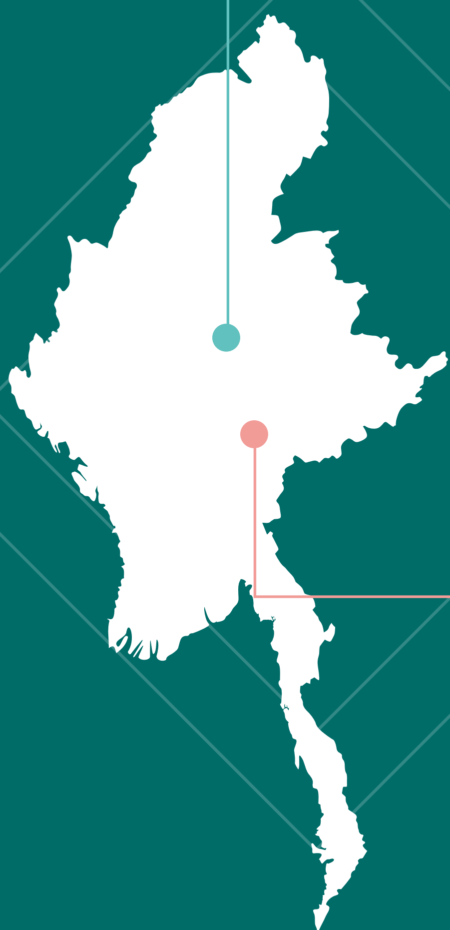
In addition, benefiting from the economic reforms and the influx of foreign capital, the economy of Myanmar, where the Group's major mines are located, grew rapidly. The mutually beneficial and friendly relationship between China and Myanmar has provided the Group with a good foundation of an external environment for its investment in Myanmar, which is beneficial to the Group's sustained and stable business development in Myanmar. During the year, China continued to steadily promote the Belt and Road Initiative, and the construction of the China-Myanmar Economic Corridor and the China-ASEAN industrial cooperation were further strengthened. All these have given momentum to the sustainable development of the two countries. The China-Myanmar relationship has continued to flourish steadily in recent years, with their comprehensive strategic cooperative partnership continuing to deepen. For instance, China being Myanmar's biggest trading partner, the economic and trade cooperation between the two countries has gone from strength to strength in recent years, as shown by the bilateral trade volumes between them that have continued to rise annually.

As consumption demand continues to diminish and the environmental protection requirements of mines are becoming more stringent, it is necessary and inevitable for the future development of the lead and zinc industry (and for the long-term growth of lead and zinc production enterprises) to undergo structural adjustments, transformation and upgrading as well as green development. The Group will seize the opportunity of the transformation of the international environment and the close cooperation between China and Myanmar, and continue to shift resources and focus to Myanmar, which has more cost advantages and more development prospects.

BUSINESS OVERVIEW

Under the cyclical fluctuations of lead and zinc prices and weak markets as well as the adverse effects caused by the gradual tightening of the environmental protection measures, inspection and rectification policies and requirements of the Myanmar and Chinese governments, we, as an upstream mining company, continued to consolidate our mining businesses in China and Myanmar. During the year, the major production and operation activities of the Group continued to focus on our three key mines, Aung Jiujia Mine and GPS JV Mine in Myanmar, and Dakuangshan Mine in the PRC, which provided important revenue to the Group. Shizishan Mine and Menghu Mine in the PRC continued low-level operations. For Liziping Mine and Dazhupeng Mine in the PRC, we have obtained its exploration permit and are processing to apply for the mining permit. For Lushan Mine, we accelerated the renewal of exploration permits and conducted all necessary works in preparation of the application for mining permit.

OPERATING MINE ANALYSIS
MYANMAR



Aung Jiujia Mine

100% Ownership percentage

Lead and Sliver Mineral classification

GPS JV Mine

52% Ownership percentage

Lead and Sliver Mineral classification

KEY HIGHLIGHTS

Operating Mines	Ores produced	Concentrates produced
Aung Jiujia Mine	111,500 tonnes	4,731 tonnes Lead-silver concentrates
GPS JV Mine	39,800 tonnes	4,440 tonnes Lead-silver concentrates

OPERATING MINE IN MYANMAR — AUNG JIUJIA MINE

Mineral resources and reserves of Aung Jiujia Mine

Aung Jiujia Mine is an open pit and underground lead mine located at Depanbing Village, Ruian County, Shan State, Myanmar, in a karst topography between 800 meters to 1,500 meters above sea level and is characterized by low mountains and flat valleys. The mining permit of the Aung Jiujia Mine covers an area of approximately 0.2 sq. km. and we are now applying the exploration permit in respect of the areas surrounding the mining permit.

According to the production exploration report issued by Yunnan Huapeng Aidi Resources Exploration Limited Company (雲南華鵬愛地資源勘查有限公司) in July 2018, a summary of the estimated resources of the Aung Jiujia Mine as at 31 December 2018 and 31 December 2019 prepared in accordance with the Chinese Standard is as follows:

	31 December 2019		31 December 2018	
	Metal Resources Lead (kt)	**Grade Lead (%)**	Metal Resources Lead (kt)	Grade Lead (%)
Measured	**336.7**	**7.88**	339.4	7.88
Indicated	**125.8**	**7.80**	125.8	7.80
Inferred	**288.1**	**7.87**	288.1	7.87
Total	**750.6**	**7.87**	753.3	7.87

Note: Figures for metal resources are rounded to nearest one decimal place, figures for grade are rounded to nearest two decimal places and these figures may show apparent addition errors.

Assumptions:

The figures of the lead resources of Aung Jiujia Mine are based on the following assumptions:

(1) The lead resources and grade for Aung Jiujia Mine are based on the estimate as per the aforesaid independent technical report. The decrease of the lead resources was due to our mining operation during the year. The year end amounts have been confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

Overview

The mining operation of Aung Jiujia Mine remained in operation, but due to the gradual increase in mining cost for open-pit mining and the increase in the mining dilution rate, the Group started the adjustment plan of the mining system and accelerated the construction of underground mining projects in accordance with the mining development plan under the current market price conditions. However, subject to the intermittent interlayer in the lower part of the open pit operation, the mining production of Aung Jiujia Mine was affected during the year. Furthermore, Myanmar has strengthened its regulatory requirements for environmental protection, energy saving and emission reduction in mining industry so as to ensure its mineral resources be developed and utilized effectively and efficiently. Nearly towards the year end, we underwent phased short term suspension for underground mining construction and environmental protection infrastructure and ancillary facilities construction in order to strengthen the management of the resource development for Aung Jiujia Mine and improve its utilization level of mineral resources, thereby enhancing the orderly protection of geological environment and the construction of ecological environment system in accordance with the relevant requirements and relevant environmental protection enhancement proposals prepared by the professional parties.

To ensure Aung Jiujia Mine to provide consistent supply of lead concentrates in the ongoing future, a series of production expansion work programs to maintain this production profile into the future is continued to be implemented. We continued to implement a series of efficiency enhancement initiatives at Aung Jiujia Mine during the year which are expected to deliver economic benefits that will partly offset the impacts of escalating mining production cost including labour and energy costs.

Exploration, Development and Mining Activities of Aung Jiujia Mine

(I) Exploration Activities

During the year, we have been consistently conducting production exploration works through our mining operations within the area of mining rights and its adjacent areas of Aung Jiujia Mine in order to accelerate the production operation and increase our resources reserves as well as the resources categories.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of exploration work or conducted any other geological exploration work at Aung Jiujia Mine during the year.

(II) Development Activities

During the year, the Group continued to carry out the open pit mining construction project in the Aung Jiujia Mine and a multi-layered mining working platform of around 140 meters in length and around 25 meters in width has been built up and a medium-large sized open pit is gradually formed. In addition, the underground tunnel mining project with 70 meters depth below is also in process. In addition, our 1,000 tpd processing plant has come into stable production.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Aung Jiujia Mine during the year.

(III) Mining and Processing Activities

The following table summarises the mining and processing results of Aung Jiujia Mine during the year and 2018:

	Items	Unit	2019	2018
ROM Ore	Mined	kt	**111.5**	204.7
	Processed	kt	**116.2**	200.7
Feed Grade	Lead	%	**2.9**	3.5
	Silver	g/t	**9.5**	9.6
Recovery	Lead	%	**80.6**	80.1
	Silver in lead concentrate	%	**60.0**	60.0
Concentrate Grade	Lead	%	**57.8**	62.3
	Silver in lead concentrate	g/t	**120.0**	127.0
Concentrate Tonnes	Lead-silver concentrate	t	**4,731**	9,105

Note: (1) Figures for ROM ore, feed grade, recovery and concentrate grade are rounded to nearest one decimal place, and figures for concentrate tonnes are rounded to whole number and these figures may show apparent addition errors.

(2) Aung Jiujia Mine only came into commercial production since the second half of 2018, and therefore part of the comparable operating results for 2018 only reflect the production activities before the commercial operation.

Exploration, Development and Mining Cost of Aung Jiujia Mine

Expenses of exploration, development and mining activities of Aung Jiujia Mine during the year and 2018 are set out below:

	2019 RMB million	2018 RMB million
Exploration activities	**0.4**	—
Development activities		
Mining infrastructure	**22.8**	15.7
Processing plant and equipment	**2.0**	40.5
Subtotal	**24.8**	56.2
Mining activities*		
Subcontracting fee	**2.4**	5.6
Administrative and related costs (including labour costs)	**0.4**	0.4
Amortisation and others#	**0.1**	0.4
Subtotal	**2.9**	6.4
Total	**28.1**	62.6

(* Processing not included)

(# Please be noted that the production taxes and royalties recorded in previous years are excluded from this item since all these expenses are relocated as expenses for concentrates production.)

Note: Figures for expenses of exploration, development and mining activities are rounded to nearest one decimal place and these figures may show apparent addition errors.

OPERATING MINE IN MYANMAR — GPS JV MINE

Mineral resources and reserves of GPS JV Mine

GPS JV Mine is an underground lead-silver polymetallic mine located at Bawsaing Track, Kalaw Township, Southern Shan State, Myanmar, in a karst topography between 1,200 meters to 1,550 meters above sea level. It is one of the major lead-silver deposits in Myanmar and covers an area of approximately 2 sq. km.

According to the production exploration reports issued by Yunnan Sanyuan Geological Exploration Limited Company (雲南三源地質勘查有限公司) in October 2018, a summary of the estimated resources of the GPS JV Mine as at 31 December 2019 and 31 December 2018 in accordance with the Chinese Standard is as follows:

	31 December 2019		31 December 2018	
	Metal Resources Lead (kt)	Grade Lead (%)	Metal Resources Lead (kt)	Grade Lead (%)
Measured	**61.2**	**4.1**	62.8	4.1
Indicated	**403.1**	**6.3**	403.1	6.3
Inferred	**1,487.0**	**7.8**	1,487.0	7.8
Total	**1,951.3**	**7.4**	1,952.9	7.4

Note: Figures for metal resources are rounded to nearest one decimal place, figures for grade are rounded to nearest two decimal places and these figures may show apparent addition errors.

Assumptions:

The figures of the lead resources of GPS JV Mine are based on the following assumptions:

(1) The lead resources and grade for GPS JV Mine are based on the estimate as per the aforesaid independent technical report. The decrease of lead resources was due to our mining operation during the year. The year end amounts have been confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

Overview

The production of GPS JV Mine was continuously affected by the inefficient supply of mining operations of the existing mining zones which are under development coupled with the complex underground mining operations and relatively low grade of lead ores. We will continue to enhance our exploration activities with a view to locate other mining zones with further quality mineral resources and higher grade and in a more cost effective manner for our mining and processing productions in the future.

With a view to combat the limitations brought by the low mining production and relatively low grade of lead ores during the year, the GPS JV Mine continued to enhance its processing production for the lead ores of the surrounding regions with a higher grade and achieved stable operation.

Exploration, Development and Mining Activities of GPS JV Mine

(I) Exploration Activities

During the year, we continued to conduct production exploration works within the areas of the mining rights of GPS JV Mine and committed to accelerating the production operation and increasing our resources reserves as well as the resources categories. In addition, we continued to enhance the exploration activities in other mining zones of GPS JV Mine in order to provide a reliable guarantee for the subsequent continuous production of the project so as to supply our mining and processing.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of exploration work or conducted any other geological exploration work at GPS JV Mine during the year.

(II) Development Activities

During the year, we actively carried out the mining operation at Jiabao mining zone and continued the mining operations at Bamushan and Xiandao mining zones in the GPS JV Mine. In the meantime, in order to overcome the insufficient investment in production system, the Group is actively exploring other mining zones with resource potential and commercial viability.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at GPS JV Mine during the year.

(III) Mining and Processing Activities

The following table summarises the mining and processing results of GPS JV Mine during the year and 2018:

	Items	Unit	2019	2018
ROM Ore	Mined	kt	**39.8**	49.0
	Processed	kt	**56.7**	76.6
Feed Grade	Lead	%	**5.2**	3.0
	Silver	g/t	**11.4**	21.0
Recovery	Lead	%	**80.0**	80.5
	Silver in lead concentrate	%	**75.0**	70.6
Concentrate Grade	Lead	%	**53.1**	52.6
	Silver in lead concentrate	g/t	**153.3**	325.0
Concentrate Tonnes	Lead-silver concentrate	t	**4,440**	3,495

Note: Figures for ROM ore, feed grade, recovery and concentrate grade are rounded to nearest one decimal place, and figures for concentrate tonnes are rounded to whole number and these figures may show apparent addition errors.

Exploration, Development and Mining Cost of GPS JV Mine

Expenses of exploration, development and mining activities of GPS JV Mine during the year and 2018 are set out below:

	2019 RMB million	2018 RMB million
Exploration activities (Note (1))	**—**	—
Development activities		
Mining infrastructure	**13.5**	5.4
Mining activities*		
Subcontracting fee	**1.6**	1.3
Administrative and related costs (including labour costs)	**0.2**	1.0
Amortisation and others#	**0.5**	1.7
Subtotal	**2.3**	4.0
Total	**15.8**	9.4

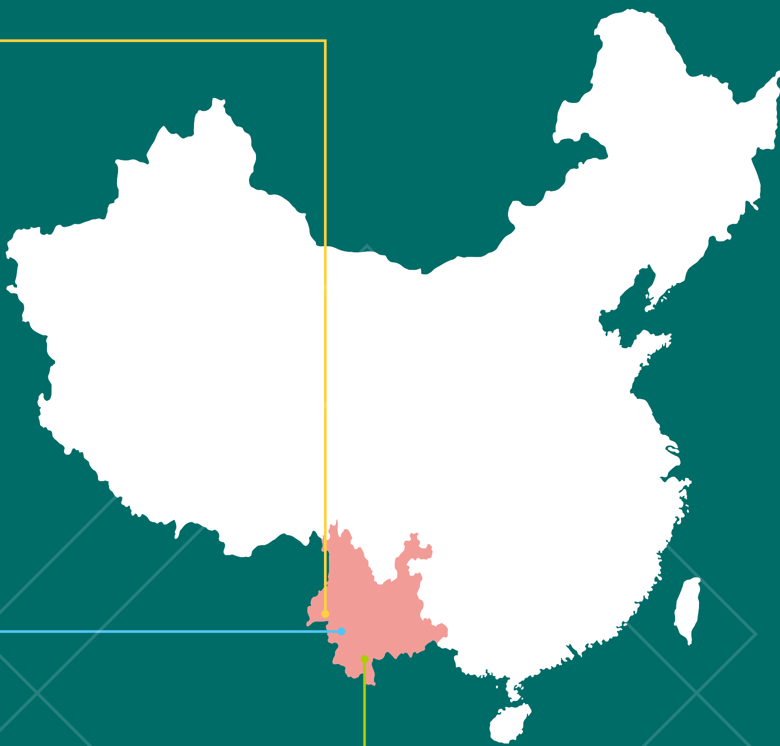
(* Processing not included)

(# Please be noted that the production taxes and royalties recorded in previous years are excluded from this item since all these expenses are relocated as expenses for concentrates production.)

Note: (1) We conducted exploration activities through our mining production works and therefore no costs or expenses were recorded for the exploration activities during the year.

(2) Figures for expenses of exploration, development and mining activities are rounded to nearest one decimal place and these figures may show apparent addition errors.

OPERATING MINE ANALYSIS
CHINA



Shizishan Mine

Ownership percentage **100%**

Mineral classification **Lead, Zinc and Silver**

Dakuangshan Mine

Ownership percentage **90%**

Mineral classification **Lead, Zinc and Silver**

Menghu Mine

Ownership percentage **90%**

Mineral classification **Lead and Zinc**

KEY HIGHLIGHTS

Operating Mines	Ores Produced	Concentrates Produced
Dakuangshan Mine	28,900 tonnes	662 tonnes lead-sliver concentrates and 1,272 tonnes zinc-sliver concentrates
Shizishan Mine	N/A	1,876 tonnes lead-sliver concentrates and 2,657 tonnes zinc-sliver concentrates
Menghu Mine	3,000 tonnes	N/A

OPERATING MINE IN CHINA — DAKUANGSHAN MINE

Mineral resources and reserves of Dakuangshan Mine

Dakuangshan Mine is an underground lead-zinc-silver polymetallic mine located at Dehong prefecture of Yunnan Province, the PRC. The mining permit of the Dakuangshan Mine covers an area of approximately 1.56 sq. km. Based on the geologist report issued by the Sichuan Province Geological Group（四川省地質工程集團）dated 11 April 2012, a summary of the estimated resources of Dakuangshan Mine as at 31 December 2019 and 31 December 2018 prepared in accordance with the Chinese Standard is as follows:

	31 December 2019						31 December 2018					
	Metal Resources			**Grade**			Metal Resources			Grade		
	Lead (kt)	**Zinc (kt)**	**Silver (t)**	**Lead (%)**	**Zinc (%)**	**Silver (g/t)**	Lead (kt)	Zinc (kt)	Silver (t)	Lead (%)	Zinc (%)	Silver (g/t)
Indicated+Inferred	**113.3**	**218.7**	**209.6**	**2.7**	**5.2**	**54.2**	113.7	219.3	210.1	2.7	5.2	54.2

Note: Figures for metal resources and grade are rounded to nearest one decimal place and these figures may show apparent addition errors.

Assumptions:

The figures of the lead, zinc and silver resources of Dakuangshan Mine are based on the following assumptions:

(1) The lead, zinc and silver resources and grades for Dakuangshan Mine are based on the estimate as per the aforesaid independent technical report. The decrease of the lead, zinc and silver resources was due to our mining operation during the year. The year end amounts have been confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

Overview

The production of Dakuangshan Mine decreased during the year compared to the historical record. Its production was impacted by the complexity of geological composition and low grade of the existing mining zones and new mining zones.

Further systematic and detailed exploration works and analysis of the geological composition and structure of the existing mining zone and the new mining zones are now in progress which is expected to provide a more efficient and effective production for Dakuangshan Mine.

Exploration, Development and Mining Activities of Dakuangshan Mine

(I) Exploration Activities

During the year, we continued the production exploration at the mining level located at 1,420 and 1,470 metres in height.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of exploration work or conducted any formal geological exploration work at Dakuangshan Mine.

(II) Development Activities

During the year, we have finished the underground production enhancement construction work at Dakuangshan Mine with another mining level located at 1,470 metres in height. In addition, we have implemented technical improvement projects at the processing plant, thereby optimizing and enhancing the processing capacity.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Dakuangshan Mine during the year.

(III) Mining and Processing Activities

The following table summarises the mining and processing results of Dakuangshan Mine during the year and 2018:

	Items	Unit	2019	2018
ROM Ore	Mined	kt	**28.9**	63.7
	Processed	kt	**29.6**	58.2
Feed Grade	Lead	%	**1.3**	0.9
	Zinc	%	**3.2**	1.9
	Silver	g/t	**15.0**	13.0
Recovery	Lead	%	**82.0**	75.2
	Zinc	%	**62.0**	72.4
	Silver in lead concentrate	%	**14.6**	71.0
	Silver in zinc concentrate	%	**14.6**	3.5
Concentrate Grade	Lead	%	**54.3**	51.2
	Zinc	%	**44.6**	43.8
	Silver in lead concentrate	g/t	**662.2**	715.0
	Silver in zinc concentrate	g/t	**70.0**	14.3
Concentrate Tonnes	Lead-silver concentrate	t	**662**	751
	Zinc-Silver concentrate	t	**1,272**	1,848

Note: Figures for ROM ore, feed grade, recovery and concentrate grade are rounded to nearest one decimal place, and figures for concentrate tonnes are rounded to whole number and these figures may show apparent addition errors.

Exploration, Development and Mining Cost of Dakuangshan Mine

Expenses of exploration, development and mining activities of Dakuangshan Mine during the year and 2018 are set out below:

	2019 RMB million	2018 RMB million
Exploration activities	**0.6**	—
Development activities		
Mining infrastructure	**3.0**	2.7
Processing plant and equipment	**0.6**	1.1
Subtotal	**3.6**	3.8
Mining activities*		
Subcontracting fee	**1.9**	4.0
Materials cost, electricity and water	**—**	0.9
Maintenance and others	**0.4**	1.2
Administrative and related costs (including labour costs)	**0.3**	0.7
Production tax and royalties, amortisation and others	**0.5**	3.7
Subtotal	**3.1**	10.5
Total	**7.3**	14.3

(* Processing not included)

Note: Figures for expenses of exploration, development and mining activities are rounded to nearest one decimal place and these figures may show apparent addition errors.

OPERATING MINE IN CHINA — SHIZISHAN MINE

Mineral resources and reserves of Shizishan Mine

Shizishan Mine is an underground lead-zinc-silver polymetallic mine located at Yingjiang County of Yunnan Province, the PRC. Shizishan Mine is located at the southern extension of the Hengduan Mountain Range and along the north-south stretching secondary ridge of the western part of Gaoligong Mountains in western Yunnan with the undulating terrain as well as in the vicinity of the Binlang River. The mining permit of the Shizishan Mine covers an area of approximately 3.25 sq. km. According to the report of resources and reserves estimation on Shizishan Mine as disclosed in the "Competent Person's Report" set out in Appendix V to the Prospectus, a summary of the estimated resources and reserves of Shizishan Mine under the JORC Code as at 31 December 2019 and 31 December 2018 is set out below:

JORC Mineral Resources as at 31 December 2019

Mineral Resource at 0.5% Pb Cut Off

Class	**Quantity (t)**	**Pb (%)**	**Zn (%)**	**Ag (g/t)**	**Pb metal (t)**	**Zn metal (t)**	**Ag metal (t)**
Measured	**1,206,683**	**10.9**	**6.6**	**271.0**	**193,302**	**104,089**	**546**
Indicated	**6,398,000**	**9.0**	**5.9**	**250.0**	**575,200**	**378,500**	**1,600**
Inferred	**516,000**	**7.7**	**4.8**	**247.0**	**39,600**	**24,500**	**100**
Total	**8,120,683**	**9.4**	**6.0**	**276.0**	**808,102**	**507,089**	**2,246**

JORC Mineral Resources as at 31 December 2018

Mineral Resource at 0.5% Pb Cut Off

Class	Quantity (t)	Pb (%)	Zn (%)	Ag (g/t)	Pb metal (t)	Zn metal (t)	Ag metal (t)
Measured	1,208,489	10.9	6.6	271.0	193,302	104,089	546
Indicated	6,398,000	9.0	5.9	250.0	575,200	378,500	1,600
Inferred	516,000	7.7	4.8	247.0	39,600	24,500	100
Total	8,122,489	9.4	6.0	276.0	808,102	507,089	2,246

JORC Ore Reserves Estimates as at 31 December 2019

Class	Quantity (t)	Pb (%)	Zn (%)	Ag (g/t)	Pb metal (t)	Zn metal (t)	Ag metal (t)
Proved	1,086,683	10.0	6.1	251.0	160,903	84,489	446
Probable	5,713,000	9.0	5.9	250.0	514,500	336,900	1,400
Total	6,799,683	9.3	5.9	250.0	675,403	421,389	1,846

JORC Ore Reserves Estimates as at 31 December 2018

Class	Quantity (t)	Pb (%)	Zn (%)	Ag (g/t)	Pb metal (t)	Zn metal (t)	Ag metal (t)
Proved	1,088,489	10.0	6.1	251.0	160,903	84,489	446
Probable	5,713,000	9.0	5.9	250.0	514,500	336,900	1,400
Total	6,801,489	9.3	5.9	250.0	675,403	421,389	1,846

Note: Figures for grade of Pb, Zn and Ag are rounded to nearest one decimal place, and the quantity, Pb metal, Zn metal and Ag metal contained in mineral resources and reserves are rounded to whole number and these figures may show apparent addition errors.

Assumptions:

The figures of the lead, zinc and silver resources of Shizishan Mine are based on the following assumptions:

(1) The lead, zinc and silver resources and grades for Shizishan Mine are based on the estimate as per the aforesaid independent technical report. The decrease of the lead, zinc and silver resources was due to our mining operation during the year. The year end amounts have been confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

Overview

During the year, we continued to accelerate the drainage tunnel works for Shizishan Mine. Since the elevation of certain underground mining zones of the Shizishan Mine is lower than the groundwater level, therefore the intermittent inflow of rain and underground water into the underground mining zones added a lot of difficulties to the ongoing drainage tunnel construction project. It is expected that the drainage tunnel works, which were caused by earthquakes and further affected by torrential rains in these years, took sometime for completion, therefore Shizishan Mine, while continuing the drainage tunnel works, continued its operational strategy during the year by proactively carried out processing services for the minerals ores of the surrounding mines.

With the establishment and enhancement of long term close cooperation relationship with surrounding mines, Shizishan Mine will continue to formulate and implement a suitable operation plan and accelerate the operational efficiency of its processing plant to counter the difficulties for our mining operation.

Exploration, Development and Mining Activities of Shizishan Mine

(I) Exploration Activities

During the year, we have not entered into any contracts or commitments in respect of exploration work or conducted any formal geological exploration work at Shizishan Mine.

(II) Development Activities

Since the summer of 2015, in the area where Shizishan Mine is located, there were a number of intense, torrential rain storms in a short period of time, resulting in a dramatic increase in downhole water. Such continuous heavy rainfalls together with the previous earthquakes have affected its geological structure and geomorphology, and the tunnels were severely damaged.

Since 2017, we continued to clear and reinforce the damaged tunnels of Shizishan Mine and resumed pumping water from the tunnels. In September 2017, we started to carry out the drainage tunnel works and continued such works during the year. As at 31 December 2019, the tunnel construction works amounted to 1,115.9 meters in length and the construction works amounted to 6,675 m^3.

We will systematically solve the water inflow issue in mine shafts and broken downholes and continue to actively and properly monitor and adjust the future operation and mining plan of Shizishan Mine.

Meanwhile, the processing plant of Shizishan Mine continued to provide the subcontracting processing services for the raw ores of the surrounding mines.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Shizishan Mine during the year.

(III) Mining and Processing Activities

The following table summarises the mining and processing results of Shizishan Mine during the year and 2018:

	Items	Unit	2019	2018
Ores Processed		kt	**30.4**	33.6
Feed Grade	Lead	%	**15.2**	4.1
	Zinc	%	**6.0**	6.5
	Silver	g/t	**150.0**	44.2
Recovery	Lead	%	**80.0**	81.4
	Zinc	%	**85.0**	82.3
	Silver in lead concentrate	%	**75.0**	78.7
	Silver in zinc concentrate	%	**10.0**	16.9
Concentrate Grade	Lead	%	**58.0**	62.9
	Zinc	%	**47.0**	48.7
	Silver in lead concentrate	g/t	**1,200.0**	650.0
	Silver in zinc concentrate	g/t	**80.0**	68.0
Concentrate Tonnes	Lead-silver concentrate	t	**1,876**	1,796
	Zinc-silver concentrate	t	**2,657**	3,692

Note: Figures for ROM ore, feed grade, recovery and concentrate grade are rounded to nearest one decimal place and figures for concentrate tonnes are rounded to whole number, and these figures may show apparent addition errors.

Exploration, Development and Mining Cost of Shizishan Mine

Expenses of exploration, development and mining activities of Shizishan Mine during the year and 2018 are set out below:

	2019 RMB million	2018 RMB million
Exploration activities	**–**	–
Development activities		
Mining infrastructure	**1.9**	–
Tailing storage facilities	**–**	0.1
Subtotal	**1.9**	0.1
Mining activities*		
Materials cost, electricity and water	**–**	–
Administrative and related costs (including labour costs)	**0.2**	0.1
Production tax and royalties, amortisation and others	**–**	0.2
Subtotal	**0.2**	0.3
Total	**2.1**	0.4

(* Processing not included)

Note: Figures for expenses of exploration, development and mining activities are rounded to nearest one decimal place and these figures may show apparent addition errors.

OPERATING MINE IN CHINA — MENGHU MINE

Mineral resources and reserves of Menghu Mine

Menghu Mine is an underground lead-zinc polymetallic mine located at Mengla County of Yunnan Province, the PRC. It is a lead and zinc mine with potential in mineral resources. The mining permit of the Menghu Mine covers an area of approximately 0.38 sq. km.

Menghu Company has engaged the Regional Geologic Survey Team of the Sichuan Bureau of Geological Exploration of Mineral Resources (四川省地質礦產勘查開發局區域地質調查隊), an independent third party exploration entity, to conduct exploration at Menghu Mine in March 2012. A report on the geological exploration conducted at Menghu Mine was issued on 30 November 2012. A summary of the estimated resources of the Menghu Mine as at 31 December 2019 and 31 December 2018 in accordance with the Chinese Standard in the aforesaid report is set out as follows:

	31 December 2019				31 December 2018			
	Metal Resources		**Grade**		Metal Resources		Grade	
	Lead (kt)	**Zinc (kt)**	**Lead (%)**	**Zinc (%)**	Lead (kt)	Zinc (kt)	Lead (%)	Zinc (%)
Indicated and inferred	**31.1**	**18.0**	**13.8**	**7.8**	31.7	18.2	13.8	7.8

Note: Figures for metal resources and grade are rounded to nearest one decimal place and these figures may show apparent addition errors.

Assumptions:

The figures of the lead and zinc resources of Menghu Mine are based on the following assumptions:

(1) The lead and zinc resources and grades for Menghu Mine are based on the estimate as per the aforesaid independent technical report. The decrease of the lead and zinc resources was due to our mining operation during the year. The year end amounts have been confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

Overview

During the year, under the subcontracting arrangement, the Group continued to provide its necessary supervision and guidance to the sub-contractor(s) for the operation of Menghu Mine. As compared with 2018, the output of the Menghu Mine improved and became more stable, which provides a good foundation for us either to operate by ourselves or to increase our subcontracting income in the future.

By adopting the operational strategy of the subcontracting arrangement, our further capital investment and operation in the construction of the Menghu Mine are reduced and the Group has achieved a stable and predictable economic return.

Exploration, Development and Mining Activities of Menghu Mine

(I) Exploration Activities

During the year, we have not entered into any contracts or commitments in respect of exploration work or conducted any formal geological exploration work at Menghu Mine.

(II) Development Activities

During the year, we continued to adopt sub-contract mining arrangement and carried out infrastructure construction work of roadway support, transport track, ventilation and drainage system at Menghu Mine in accordance with the requirements of transformation and upgrading of mines imposed by the local government.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Menghu Mine during the year.

(III) Mining and Processing Activities

The following table summarises the mining results of Menghu Mine during the year and 2018:

	Items	Unit	2019	2018
ROM Ore	Mined	kt	**3.0**	1.0
Grade	Lead	%	**19.0**	28.5
	Zinc	%	**5.0**	7.5

Note: Figures for ROM ore and grade are rounded to nearest one decimal place and these figures may show apparent addition errors.

Exploration, Development and Mining Cost of Menghu Mine

No material expenses of exploration, development and mining activities of Menghu Mine were incurred during the year (2018: Nil).

OTHER MINES UNDER DEVELOPMENT IN CHINA

Liziping Mine

Liziping Mine is a lead-zinc-copper-silver polymetallic mine located at Lanping County of Yunnan Province, the PRC and approximately 700 km. away from Shizishan Mine. The exploration permit of Liziping Mine covers an area of approximately 8.44 sq. km.

Liziping Company engaged the Northwest Sichuan Geological Survey Team of the Sichuan Bureau of Geological Exploration of Mineral Resources (四川省地質礦產勘查開發局川西北地質隊), an independent third party exploration entity, to conduct exploration at the Liziping Mine in July 2011. Prior to the acquisition, an area of approximately 4 sq. km. had been explored and a geologist report based on such exploration activities was issued on 12 May 2012. Based on the report, a summary of the estimated resources of the Liziping Mine as at 31 December 2019 and 31 December 2018 in accordance with the Chinese Standard in the aforesaid report is as follows:

	31 December 2019							
	Metal Resources				**Grade**			
	Lead (kt)	**Zinc (kt)**	**Copper (kt)**	**Silver (t)**	**Lead (%)**	**Zinc (%)**	**Copper (kt)**	**Silver (g/t)**
Indicated	**23.1**	**41.5**	**7.7**	**120.6**	**3.8**	**4.8**	**0.99**	**123.4**
Inferred	**73.5**	**99.8**	**18.5**	**276.7**	**12.5**	**2.9**	**0.78**	**278.8**
Total	**96.6**	**141.3**	**26.2**	**397.3**	**10.4**	**3.5**	**6.84**	**231.6**

	31 December 2018							
	Metal Resources				Grade			
	Lead (kt)	Zinc (kt)	Copper (kt)	Silver (t)	Lead (%)	Zinc (%)	Copper (kt)	Silver (g/t)
Indicated	23.1	41.5	7.7	120.6	3.8	4.8	0.99	123.4
Inferred	73.5	99.8	18.5	276.7	12.5	2.9	0.78	278.8
Total	96.6	141.3	26.2	397.3	10.4	3.5	0.84	231.6

Note: Save as the grade of copper which is rounded to two decimal places, all other figures for metal resources and grade are rounded to nearest one decimal place and these figures may show apparent addition errors.

Assumptions:

The figures of the lead, zinc, copper and silver resources of Liziping Mine are based on the following assumptions:

(1) The lead, zinc, copper and silver resources and grades for Liziping Mine are based on the estimate as per the aforesaid independent technical report.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

During the year, we have obtained the exploration permit for Liziping Mine and are processing to apply for the mining permit.

Save as disclosed hereinabove, no other exploration, development or mining works had been conducted at Liziping Mine during the year.

No material capital expenditures were incurred for Liziping Mine during the year (2018: Nil).

Dazhupeng Mine

Dazhupeng Mine is a lead-zinc-silver polymetallic mine located at Yingjiang County of Yunnan Province, the PRC. It is located at approximately 20 km. away from the Shizishan Mine and has certain potential in lead, zinc and silver resources. The exploration permit of the Dazhupeng Mine covers an area of approximately 4.62 sq. km.

During the year, we have successfully obtained the exploration permit for Dazhupeng Mine and are processing to apply for the mining permit.

Save as disclosed hereinabove, no other exploration, development or mining works had been conducted at Dazhupeng Mine during the year.

No material capital expenditures were incurred for Dazhupeng Mine during the year (2018: Nil).

Lushan Mine

Lushan Mine is a tungsten-tin polymetallic mine which is located at Yingjiang County of Yunnan Province, the PRC.

During the year, Xiangcaopo Mining continued to carry out maintenance works at Lushan Mine and is in the process of renewing the exploration permit.

Save as disclosed hereinabove, no other exploration, development or mining works had been conducted at Lushan Mine during the year.

No material capital expenditures were incurred for Lushan Mine during the year (2018: Nil).

MINERAL ORES TRADING

During the year, the Group continued to cautiously carry out the mineral ores trading business, expanded its sale channels and enlarged the operation scale, with a view to increase the income of the Group and create new momentum for the Group's growth. The trading business is one of the strategic moves by the Group, which can enlarge the Group's market share and enhance its economy of scale as well as strengthen our sales bargaining power in negotiating commercial terms with the customers. The Group will endeavor to cautiously select and develop trading partners, prudently and flexibly adjust production and marketing strategy to actively promote the further development of the trading business.

FINANCIAL REVIEW

Revenue

During the year, the Group's revenue was RMB109.5 million (2018: RMB195.0 million). As compared to 2018, revenue decreased by RMB85.5 million or 44%, which was primarily due to (i) decrease in sales volume of our self-produced products; (ii) decrease in average selling price of lead-silver concentrates and zinc-silver concentrates; and (iii) decrease in mineral ores trading during the year.

In 2019, the revenue of sales of self-produced products accounted for 48.6% (2018: 56.1%) of our total revenue.

Sales of self-produced products segment

	Sales Volume (tonnes)	Average Selling Price (RMB'000/ tonne)	Revenue (RMB'000)	Unit Cost of Sales (RMB'000)	Cost of Sales (RMB'000)	Gross Profit (RMB'000)	Gross Profit Margin (%)
2019							
Lead-silver concentrates	**8,904.2**	**5.1**	**45,714.7**	**4.2**	**37,203.4**	**8,511.3**	**18.6**
Zinc-silver concentrates	**1,674.0**	**3.9**	**6,457.6**	**5.9**	**9,908.6**	**(3,451.0)**	**(53.4)**
Raw ores	**1,750.0**	**0.6**	**1,005.8**	**0.2**	**382.2**	**623.6**	**62.0**
Total			**53,178.1**			**5,683.9**	
2018							
Lead-silver concentrates	12,554.7	7.8	97,319.4	4.6	58,098.3	39,221.1	40.3
Zinc-silver concentrates	1,922.1	5.1	9,860.9	7.1	13,642.1	(3,781.2)	(38.3)
Raw ores	4,271.0	0.5	2,209.1	0.1	329.9	1,879.2	85.1
Total			109,389.4			37,319.1	

Sales of self-produced products remains the major income of the Group notwithstanding its decrease by 51.4% to RMB53.2 million (2018: RMB109.4 million) which was primarily attributable to the adverse effects caused by the gradual tightening of the environmental protection measures, inspection and rectification policies and requirements of the Myanmar and Chinese governments, and the existence of faults in the undergoing mining zone of Aung Jiujia Mine which affected the mining production and the significant drop in the average selling price of lead-silver concentrates and zinc-silver concentrates during the year, therefore the total revenue of the sales of self-produced products recorded a substantial decrease as compared with year 2018.

The unit cost of lead-silver concentrates decreased by 9.7% to RMB4,178/tonne during the year 2019 (2018: RMB4,628/tonne), which was mainly attributable to the decrease in unit prices of raw materials, auxiliary materials, labour costs as well as other production costs as a result of our continuous efforts in enhancing the operation and management efficiency.

The unit cost of zinc-silver concentrates decreased by 16.6% to RMB5,919/tonne during the year 2019 (2018: RMB7,098/tonne), which was mainly attributable to the increase in the grade of zinc ores produced by Dakuangshan Mine.

Accordingly, the sales of self-produced products segment recorded a profit of RMB5.7 million (2018: RMB37.3 million), represented a decrease of 84.8%.

Processing service segment

Revenue of processing service segment increased by 2.5% to RMB4.1 million (2018: RMB4.0 million), which was primarily due to the increase of ores supplied by the surrounding miners to Shizishan Mine.

Trading business segment

	Revenue (RMB'000)	Cost of Sales (RMB'000)	Gross Profit (RMB'000)	Gross Profit Margin (%)
2019				
Trade	**50,559.0**	**48,336.6**	**2,222.4**	**4.4%**
2018				
Trade	77,344.3	76,961.4	382.9	0.5%

Revenue of trading business segment decreased by 34.6% to RMB50.6 million (2018: RMB77.3 million). The gross profit contribution and gross profit margin from trading business improved as the Group conducted trading for copper products which are more profitable comparing to the sluggish lead and zinc market during the year.

Subcontracting income segment

Revenue from subcontracting income decreased by 61.6% to RMB1.7 million (2018: RMB4.3 million), which was mainly due to the temporary suspension of the provision of the subcontracting service in Menghu Mine during the renewal process of the mining license in 2019 which were not happened in 2018.

Cost of sales

During the year, the cost of sales was RMB100.0 million (2018: RMB150.5 million), decreased by RMB50.5 million or 33.5%, which was primarily due to the decrease in the scale of trading operation.

Gross profit and gross profit ratio

In 2019, the Group recorded a gross profit of RMB9.5 million (2018: RMB44.6 million) and the gross profit ratio was 8.6% (2018: 22.8%). The decrease in overall gross profit margin was primarily due to the decrease in sales volume of our self-produced products and decrease in average selling price of lead-silver concentrates and zinc-silver concentrates during the year.

Other income and gains

During the year, the other income and gains were RMB4.8 million (2018: RMB15.3 million), primarily comprising gain on disposal of a subsidiary during the year and no such income was recorded in year 2018.

Administrative expenses

During the year, the administrative expenses were RMB37.3 million (2018: RMB37.4 million), primarily comprising expenses previously accounted for cost of sales which have been directly charged to administrative expenses as a result of temporary suspension of the mining operation of Shizishan Mine and decreased production scale of GPS JV Mine and the staff costs in the respective sums of RMB11.0 million and RMB13.0 million and the remaining others were professional consulting fees, depreciation, office administrative fees and other expenses.

Finance costs

During the year, the finance costs increased to RMB25.8 million (2018: RMB21.1 million), primarily because certain professional consultation charges relating to the renewal of bank loans in 2018 was fully amortised when the renewal agreements were further extended during 2019.

Income tax expense

During the year, the income tax expense increased by RMB14.4 million to RMB19.8 million (income tax expense for 2018: RMB5.4 million), which was primarily because (i) deferred tax assets arising from tax losses were written off as a result of expiry or being used during 2019; and (ii) the recognition of deferred tax liabilities as a result of temporary differences arising from depreciation allowance in excess of related depreciation.

Final dividend

At a meeting of the Board held on 20 March 2020, the Board resolved not to recommend any final dividend for the year 2019 to the Company's shareholders (2018: no final dividend).

Net cash flow generated from operating activities

During the year, the net cash flow generated from operating activities decreased to approximately RMB39.3 million. The RMB62.5 million loss was adjusted by (i) the bank interest income and unrealised foreign exchange gains of RMB0.1 million; (ii) the reversal of loss allowance on other receivables and Income on waiver of debts by other payables in total of RMB0.3 million; (iii) an increase in an amount due from related parties of RMB9.1 million; and (iv) gain on disposal of a subsidiary of RMB2.9 million, which was offset by (i) an increase in other payables, trade payables and contract liabilities of RMB36.4 million; (ii) a decrease in trade receivables, inventories and prepayments, deposits and other receivables of RMB9.6 million; (iii) interest expenses from bank and other loans of RMB25.8 million; and (iv) non-cash expenses, including, depreciation, amortization, impairment loss and share of losses of an associate in total amounted to RMB42.4 million;

Net cash flow used in investing activities

The net cash flow used in investing activities was approximately RMB27.9 million, which was due to (i) repayment of loans from third parties in the sum of RMB13.3 million; and (ii) proceeds from by-product due to construction of exploration and evaluation assets of RMB0.1 million, which was offset by (i) the purchase of items of property, plant and equipment of RMB38.1 million; (ii) payment for acquisition of non-controlling interests in a subsidiary of RMB1.2 million; and (iii) increase in pledged deposits of RMB2.0 million.

Net cash flow used in financing activities

The net cash flow used in financing activities was approximately RMB13.2 million, which was mainly due to the payment of certain loan principals and interests upon renewal of bank loans with Ping An Bank, which was offset by the proceeds received from a loan granted by a related party.

Cash and bank balances

As at 31 December 2019 and 31 December 2018, the cash and bank balances of the Group were denominated in the following currencies:

	2019 RMB'000	2018 RMB'000
RMB	**3,025**	2,342
HK$	**825**	1,779
US$	**166**	135
MMK	**535**	44
SG$	**208**	202
Total	**4,759**	4,502

Borrowings

As at 31 December 2019 and 31 December 2018, the Group's borrowing structure and maturity profile are as follows:

	2019			2018		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Secured and guaranteed:						
Current	**4.81-5.30**	**2020**	**35,549**	5.70-6.15	2019	66,520
Non-current	**4.81-5.30**	**2021-2022**	**308,990**	5.70-6.15	2020	297,932
Total			**344,539**			364,452

All of the Group's bank loans are denominated in RMB.

The Group is committed to explore various means to improve its overall borrowing structure in terms of interest rate level and repayment terms on a continuing basis.

The Group's bank loans as at 31 December 2019 was RMB344.5 million, decreased by RMB20.0 million as compared to the balance of RMB364.5 million as at 31 December 2018, which was primarily due to the repayment of certain bank loan principals during the year.

Charge on assets

As at 31 December 2019, the bank loans of the Group were secured by (i) the property, plant, equipment of RMB57.9 million; (ii) intangible assets of RMB61.8 million; (iii) prepaid land lease payments of RMB10.4 million; (iv) 99% of equity interest in Kunrun; (v) 90% of equity interest in Dakuangshan Company; (vi) 90% of equity interest in Liziping Company; (vii) 90% of equity interest in Menghu Company; and guaranteed by Mr. Ran Xiaochuan, the Company's former executive director and his spouse.

Net gearing ratio

Consistent with industry norms, the Group uses the net gearing ratio to measure our debt level. Net gearing ratio is calculated by net debt divided by total equity. Net debt refers to the interest-bearing bank and other loans, net of cash and cash equivalents, excluding liabilities incurred for working capital purpose. Equity includes equity attributable to the owners of the Company and non-controlling interests. As at 31 December 2019 and 31 December 2018, the Group's net gearing ratio was as follows:

	2019.12.31 RMB'000	2018.12.31 RMB'000
Interest-bearing bank loans	**344,539**	364,452
Due to a related party	**31,068**	—
Less: cash and cash equivalents	**(2,760)**	(4,502)
Net debt	**372,847**	359,950
Total equity	**1,750,271**	1,845,966
Net gearing ratio	**21.3%**	19.5%

Net current liabilities

The Group's net current liabilities as at 31 December 2019 decreased to RMB181.4 million as compared to the net current liabilities of RMB275.1 million as at 31 December 2018, which mainly due to (i) the decrease of RMB31.0 million in the short-term bank loan, the repayment date of which was restructured to more than one year; (ii) the decrease of RMB202.9 million of other payables and corresponding taxes upon derecognition of a subsidiary; and (iii) an increase of RMB9.1 million of due from a related party which were partially offset by (i) RMB0.5 million short-term lease liabilities which were recognized as a result of the application of IFRS 16; (ii) borrowings from related parties increased by RMB31.1 million; (iii) trade payables, other payables and contract liabilities increased by RMB74.4 million; and (iv) the decrease of RMB43.3 million in current assets such as inventories, trade receivables, prepayments, deposits, other receivables and cash.

Going concern basis

As at 31 December 2019, the Group incurred a consolidated net loss of RMB82.3 million (2018: RMB16.2 million) and had net cash flows generating from operating activities of RMB39.3 million (2018: RMB67.0 million). As at 31 December 2019, the Group had net current liabilities of RMB181.4 million (2018: RMB275.1 million).

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 has implemented or is in the process of implementing the following measures:

(a) The Directors have evaluated all the relevant facts available to them and are of the opinion that the Group is improving creditability with the bank by generating positive cash inflow from its operations during the year ended 31 December 2019. Meanwhile, the Group is actively exploring the availability of alternative sources of financing.

(b) The Group has budgeted and laid out its business plan for the next twelve months, and seeks to become profitable and generate positive cash flows from operation. The Group is actively monitoring the production activities of these mines so as to fulfill the forecast production volume and meet sales orders.

(c) The Group is taking measures to tighten cost controls over administrative and other operating expenses aiming at improving the working capital and cash flow position of the Group including closely monitoring daily operating expenses.

(d) The Group is actively monitoring the mining production so as not to incur any unexpected significant capital cash outflow.

(e) The Group is actively following up with its debtors on outstanding receivables with the aim of agreeing a repayment schedule with each of them so as to expedite collection.

(f) The Group has successfully completed the rights issue to raise gross proceeds amounted to HK$49.2 million (equivalent to approximately RMB44.4 million) subsequent to 31 December 2019.

    The Group estimates that the above measures would bring about sufficient cash from sales to ensure that the Group will continue as a going concern. The Group has taken into consideration of the existing epidemic outbreak of COVID-19 (the "**Epidemic**") when preparing the cash flow forecast. In light of the Epidemic, the operation of the mines in Myanmar and China have been temporary suspended. Management expects the operation of these mines will gradually begin as the Group's employees (including the employees of the Group's contractors) have gradually returned to the mines. In addition, the Group expects that save and except for any extraordinary circumstances which are beyond the expectation of the management, following the gradual recovery of the Epidemic and the planned production expansion in the second half of 2020, any reasonable adverse price fluctuation of the Group's major products as a result of the Epidemic will not significantly cause severe negative impact to the Group's cash flow. Therefore, the management does not believe the Epidemic will materially affect the Group's operations and cash flows significantly during the forecasted period.

The Directors have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, 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. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2019 on a going concern basis.

Contingent liabilities

As at 31 December 2019, the Group did not have significant contingent liabilities.

Significant acquisitions and disposals

On 10 May 2019, Kunrun entered into a capital increase agreement with two independent third parties. Pursuant to which, Kunrun's equity interest in Kunrun Gongmao has decreased from 100% to 44.44%. On 10 June 2019, Kunrun Gongmao was derecognised as a subsidiary of the Company and excluded from the scope of the consolidation.

Capital expenditure

During the year, the aggregated amount of the capital expenditure of the Group was RMB40.1 million, which was primarily due to the expenditures on the mining infrastructures, construction in process works and the property, plant and equipment for the processing plant of Aung Jiujia Mine, GPS JV Mine and Dakuangshan Mine.

Contract liabilities

As at 31 December 2019, the Group's contract liabilities amounted to approximately RMB10.9 million, which was primarily due to the increase in recovery efficiency in order to minimise the credit risk, therefore there was increase in short term advances from customers in relation to the delivery of concentrates at the end of the year.

Financial and other risk management

The Group's activities expose it to a variety of financial risks, including commodity price risk, foreign exchange risk, interest rate risk, credit risk and sovereign risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not entered into derivative contracts for speculative purposes during the year.

(a) Commodity price risk

The prices of lead, zinc and silver affected by numerous factors and events that are beyond the control of the Group. These metal prices change on a daily basis and can vary significantly up and down over time. The factors impacting metal prices include both broader macro-economic developments and micro-economic considerations relating more specifically to the particular metal concerned. There were no commodity hedges in place as at 31 December 2019.

(b) Foreign exchange risk

The Group's operations are primarily in Myanmar and the PRC. We have not entered into any foreign exchange contract or derivative transactions to hedge against foreign exchange fluctuations for these operations for reasons set out below.

In respect of our operations in Myanmar, most of our products are sold to customers in the PRC and their sales are also denominated in RMB. Some of the expenses incurred locally in Myanmar, which represents only a relatively small portion of our operation expenses, are denominated either in USD or Kyat. Myanmar operations are substantially financed by our funds in the PRC and Hong Kong which are mainly denominated in RMB or HK dollars.

In respect of our operations in the PRC, our products are sold to local customers in RMB. All expenses of our PRC operations are also denominated in RMB. The functional currencies of our PRC subsidiaries are RMB.

We constantly monitor the fluctuation of the currency rate of RMB and the currency denomination of our bank deposits to ensure that the risk involved is within our expectation.

(c) **Interest rate risk**

We are exposed to interest rate risk resulting from fluctuations in interest rates on our floating rate debt. Floating interest rates are subject to published interest rate changes in the People's Bank of China. If the People's Bank of China increases interest rates, our finance costs will increase. In addition, to the extent that we may need to raise debt financing or roll over our short-term loans in the future, any upward fluctuations in interest rates will increase the costs of new debt obligations.

(d) **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade. Counterparties are assessed on a continuing basis prior to, during and after the conclusion of transactions to ensure that exposure to credit risk is limited to acceptable levels. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure.

During the year, the largest customer of the Group was 永興欣怡礦產品貿易有限公司, the copper, zinc and lead concentrates merchants in the PRC which the Group has established and maintained good and close cooperation relationship for years. During the year, all sales transactions with that company were duly paid in advance before goods were delivered and the Group did not have disagreement with it in all material aspects.

(e) **Sovereign risk**

The Group has operations in Myanmar that carry higher levels of sovereign risk. Political and administrative change and reforms in law, regulations or taxation may impact the Group's future performance.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2019, the Group had a total of 204 full-time employees (31 December 2018: 227 employees) in the PRC, Myanmar and Hong Kong, including 68 management and administrative staff, 102 production staff and 34 operations support staff. During the year, staff costs (including Directors' remuneration in the form of salaries and other benefits) were approximately RMB16.2 million, representing an increase of RMB228,000 or 1.4% as compared to the staff costs of RMB16.0 million for 2018. Based on individual performance, a competitive remuneration package, which includes salaries, medical insurance, discretionary bonuses, other benefits as well as state-managed retirement benefit schemes for employees in the PRC, is offered to retain elite employees.

OCCUPATIONAL HEALTH AND SAFETY

During the year, no accidents related to serious injuries or death were reported to our management. Furthermore, we were not subject to any claims arising from any material accidents involving personal injuries or property damage that had a material adverse effect on our business, financial condition or results of operation. We were in compliance with all relevant PRC, Hong Kong and Myanmar laws and regulations regarding occupational health and safety in all material respects during the year.

ENVIRONMENTAL PROTECTION AND LAND REHABILITATION

No environmental claims, lawsuits, penalties or administrative sanctions were reported to management during the year. We are of the view that we were in compliance with all relevant PRC and Myanmar laws and regulations, regarding environmental protection and land rehabilitation in all material respects during the year and as at the date of this announcement. The Group has also adopted and implemented environmental policies on a standard which is not less stringent than the prevailing environmental laws and regulations of the PRC and Myanmar. As at 31 December 2019, the Group has accrued a provision of RMB1.9 million, RMB7.3 million, RMB1.0 million, RMB22.8 million and RMB1.3 million for the rehabilitation of the Aung Jiujia Mine, the GPS JV Mine, the Dakuangshan Mine, the Shizishan Mine and the Menghu Mine, respectively.

EVENTS AFTER THE REPORTING PERIOD

(i) The Company entered into an underwriting agreement and supplemental agreement on 13 December 2019 and 24 December 2019 respectively with Astrum Capital Management Limited (the "**Underwriter**") (the "**Underwriting Agreements**"), the rights issue on the basis of one rights share for every four existing shares held on 22 January 2020 as a record date (the "**Rights Issue**") at the subscription price (the "**Subscription Price**") of HK$0.055 per rights share. Pursuant to the Underwriting Agreements, the Rights Issue is fully underwritten by the Underwriter. The gross proceeds from the Rights Issue are approximately HK$49.2 million. The net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, are approximately HK$48.0 million.

Further details regarding the Rights Issue and Underwriting Agreements were as set out in the announcements of the Company dated 13 December 2019, 18 December 2019, 19 December 2019, 24 December 2019 and 24 February 2020, and the prospectus dated 3 February 2020.

(ii) The Epidemic outbreak of COVID-19 in early 2020 temporarily causing disruptions to the Group's businesses and economic activities and the management of the Group has closely monitored its impact on the operations. Up to the date of this announcement, the Group has taken several measures to resume work and ensure safety of the Group's employees, and the operation in operating mines are gradually resuming. The Group expects that save and except for any extraordinary circumstance which are beyond the expectation of the management, following the gradual recovery of the Epidemic and the planned production expansion in second half of 2020, any reasonable adverse price fluctuation of the Group's major products as a result of the Epidemic will not significantly cause severe negative impact to the Group's cash flow. The management will continue to monitor and assess the ongoing development and respond accordingly.

STRATEGY AND OUTLOOK

Despite the ongoing disputes and tensions of trade and the outbreak of the Epidemic have made the world economic and political situation more complicated, the Group continues to make every efforts to improve its operation and will take the following measures, including but not limited to:

1. With the increasingly stringent laws and regulations regarding environmental protection and emission reduction standard in Myanmar and China, we will continue to accelerate the transformation and upgrading progress of our businesses and strengthen and enhance the management and control on the health, safety and environmental systems of the mines of the Group, striving to be an international professional miner;

2. We will continue to strengthen the resource exploration for existing mines in Myanmar and China, in order to explore and develop mines with abundant resources and high quality;

3. We will enhance the operational efficiency and effectiveness of the Group by further enhancing the cost-cutting measures, and further enhance our management and control level and efficiency;

4. In terms of financing, we will continue to strive to restructure our financing structure to seek for means with lower cost and longer repayment term by all different possible means, including but not limited to equity or debt financing or other alternative means; and

5. We will grasp the historical opportunities brought by the Belt and Road Initiative and continue to actively explore the markets in Myanmar or other emerging regions, and prudently grasp the mergers and acquisitions opportunities in overseas.

By Order of the Board
Greenway Mining Group Limited
Yin Bo
Chairman

Hong Kong, 20 March 2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This report, which has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules, is mainly about the Company's performance during the year in terms of environmental, social and governance responsibilities. This report comprises all the lead, zinc and silver mining and processing businesses engaged by the Company and its subsidiaries.

Contact us: Greenway Mining Group Limited
Address: Room 2510, 25/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong
Tel: (852) 2180-7576
Fax: (852) 2180-7580

ABOUT THE COMPANY

We devote ourselves to pursuing highest international standards in terms of environmental protection and social responsibilities and attach great importance to employment, occupational health and safety of our staff, since we regard this as the core of our success. We actively focus on interests of various parties in the region where our Group operates. We base our routine operations on strict compliance with the laws, moral standards and best international norm in order to alleviate adverse effects of mining operations on the residential areas and the surrounding environment.

Materiality

As part of the preparation for compiling this report, we undertake a preliminary review of the material topics that have affected and continue to affect our businesses, and our actions to address them. This process focuses our reporting on the sustainability topics which we consider of interest to our key stakeholders, which include national and regional government, community members, our workforce and business partners.

The Group attaches great importance to ESG management and incorporates it into the Company's management process. The Board assumes full responsibility for the Group's ESG strategy and reporting and is responsible for assessing and determining the Group's ESG-related risks and ensuring appropriate and effective ESG risk management and proper implementation of the internal monitoring system.

The Group attaches great importance to the communication with stakeholders, by disseminating the Company's ESG concepts and practices through various channels, understanding the concerns of stakeholders and taking action to meet their reasonable expectations and demands.

Basis of preparation

Unless otherwise stated, the basis for preparation of this report is same as the past years. The data in this report, covers companies, assets and projects in which we have operational control (where we have full authority to implement our operating policies), but does not cover our associated companies.

Key performance indicators statistics

Main Focus	Major Index for Performance	2017	2018	2019
Safe Production & Labour Protection	Fatalities	0	0	**0**
	Injured	0	1	**0**
	Safety Management Expenses (RMB ten thousand yuan)	194	257	**262**
Energy Saving and Environmental Protection	Electricity Consumption (MWh)	14,852,349	16,927,129	**13,610,152**
	Electricity Intensity (kWh/t) (Note (1))			
	Mining	N/A	13	**19**
	Processing	N/A	55	**46**
	Water Consumption (t)	508,177	648,873	**643,587**
	Water Intensity (m^3/t) (Note (2))			
	Mining	N/A	0.20	**0.21**
	Processing	N/A	1.70	**2.73**
	Greenhouse Gas Emission (t)	30	28	**28**
	Waste Water Emission (t)	50,755	63,875	**60,560**
	Volume of Mining Waste (t)	783,729	392,404	**565,573**
	Volume of Packaging Materials (t)	3.9	23.0	**15.7**
Operation System and Staff Training	Number of Suppliers	22	22	**16**
	Cases involving Corruption and Litigation	0	0	**0**
	Number of products related complaints received and/or recalled	0	0	**0**
	Number of Employees (Note(3))	239	227	**227**
	Ratio of Females (%)	12.60	21.52	**18.46**
	Average Hours of Employees Receiving Training (Hour)	12	20	**24**
Social Contribution	Donation (RMB)	140,000	210,000	**71,000**

Note:

(1) The figures include the consolidated average electricity usage (kWh) per tonnes for our mining and processing by Aung Jiujia Mine, GPS JV Mine, Dakuangshan Mine and Shizishan Mine in 2018 and 2019. But no such figures were collected for 2017.

(2) The figures include the consolidated average water usage (m^3) per tonnes for our mining and processing by Aung Jiujia Mine, GPS JV Mine, Dakuangshan Mine and Shizishan Mine in 2018 and 2019. But no such figures were collected for 2017.

(3) Only our employees are counted and the employees recruited by the sub-contractors are not included in our calculation.

(4) Save and except for water intensity and ratios for female are rounded to two decimal places and volume of packing materials is rounded to one decimal place, all other figures are rounded to the nearest whole number and these figures may show apparent addition errors.

(1) Safety Production and Labour Protection

We continue to strictly adhere to the PRC and Myanmar laws and regulations regarding mining production and environmental protection in order to improve our production safety and environmental protection management in a comprehensive manner, and eliminate any production safety accidents from happening.

(i) Our Work Mechanism

During the year, we continuously strengthened the leadership's awareness of safety production management, improved the production safety accident hazard investigation and management system, adopted advanced technology and management measures, timely discovered and eliminated hidden dangers, and improved employees' ability in undertaking safety measures and accident emergency measures to deal with the risk factors in the workplace so as to achieve safe and orderly production. During the year, no casualties or material injuries were recorded within the Group. Our measures adopted include but are not limited to the followings:

(a) We have established various safety management systems (safety production responsibility system, safety production regular meeting system, safety and environmental protection examination system, safety production rewards and punishment system, accident reporting and disposition system, etc.) according to the laws and regulations of the PRC and Myanmar and industry standards;

(b) We have established the production safety committee and the occupational health committee respectively, and set up safety management organization systems and emergency rescue teams;

(c) We conducted regular comprehensive safety inspection with risk investigation as the main focus, and recorded all types of hidden dangers, so as to effectively implement rectification measures;

(d) We held weekly safety meetings to inspect, review and summarize the safety production works. The security managers tracked, inspected, rectified and implemented the safety production requirements at anytime and at anywhere. We carried out safety trainings and technical operation procedures training from time to time;

(e) Under the supervision and guidance of the safety supervision and environmental protection departments, we carried out the three-level standardization construction of mines and the construction of "six major systems" to standardize the safety production management of mines.

(ii) Our Subcontracting Management

We kept reinforcing our management for mining operation by engaging professional and qualified mining companies to conduct mining works, and signing the subcontract safety management agreement thereof so as to ensure our sub-contractors to carry out their works in a safe manner. At the same time, we strengthened the safety inspection, supervision and safety rectification and implementation of the contractors, and strictly regulated on-site safety management.

(iii) Our Workplace Management Measures

(a) We installed ventilation system, oxygen supply system, power supply system and drainage system, etc. in the downhole working surface so as to provide safety for underground workers;

(b) We posted and hoisted the safety operation procedures, safety reminders, safety notice cards, etc. at major workplaces, and reminded the employees to pay attention to the safety, environmental protection and occupational disease prevention. We checked the safety equipments for the employees at the site on a regular basis, and employees who without safety protection measures were prohibited to enter into the workplace; and

(c) If the implementation of safety management measures was not in place, the rectification notice would be issued and the rectification measures would be carried out immediately. We also prepared security management and inspection logs for record purpose.

(iv) Our Emergency Management

We divided emergency management into four phases, including prevention, preparation, response and resumption of production. At the same time, we also formulated standardized emergency plans and drills system, and minimized casualties, property damage and environmental pollution through pre-planned and purposeful emergency drills.

(v) Our Operation and Management with Information Technologies

We continued to carry out information technology work management so as to facilitate our management to resolve the hidden safety problems (if cannot be avoided). Our measures adopted include, but are not limited to the followings:

(a) We installed fully monitored information technology system for explosives warehouses, tailings ponds and material warehouses to eliminate potential safety hazards and to prevent major safety incidents; and

(b) We installed communication and personnel positioning systems for the operators to keep track of the safety information and location of them and to effectively implement emergency rescue measures.

As a result of our continuous stringent control in respect of the production safety, we continued to keep zero fatalities and the number of injuries in respect of our employees continued to remain at a relatively low level. Set out below is a summary of the fatalities and number of injuries and fatality rate during the year:

	2017	2018	**2019**
Number of Fatalities	0	0	**0**
Injured	0	1	**0**
Fatality Rate (%)	0	0	**0**

Compliance with Safety Production Rules and Regulations

During the year, we continued to strictly follow all the prevailing laws and regulations regarding safety production in the PRC and Myanmar. To the best of our information and knowledge, there was no material non-compliance with the prevailing laws and regulations regarding safety production by the Group during the year.

(2) Energy Saving & Environment Protection

Strict Supervision of Resource Consumption

Our electricity are provided by the local electricity companies or generated by our electricity generators. Our water are either extracted from the rivers or provided by the water supplies authority of the local regions where we operate. The supply of electricity and water, which are fit for our operation or production purposes, are provided to us in a stable and effective manner.

We continue to strictly monitor our resources consumption on an ongoing basis and take effective measures to increase energy efficiency. The electricity consumption and water consumption are our top priorities. Set out below is a summary of electricity consumption and water consumption and our electricity intensity and water intensity of mining and processing by Aung Jiujia Mine, Shizishan Mine, Dakuangshan Mine and GPS JV Mine during the year:

	2017	2018	**2019**
Electricity Consumption (MWh)	14,852	16,927	**13,610**
Electricity Intensity (kWh/t)			
Mining	N/A	13	**19**
Processing	N/A	55	**46**
Water Consumption (t)	508,177	648,873	**643,587**
Water Intensity (m^3/t)			
Mining	N/A	0.20	**0.21**
Processing	N/A	1.70	**2.73**

During the year, our electricity and water consumption decreased which was mainly due to the decrease in our production during the year.

Reduction of Waste Production

Waste is a by-product during the process of our production operation. Due to the different nature of our businesses, different types of wastes are generated. Throughout the whole production process from our upstream mining up to downstream operations, the biggest volume of hazardous wastes generated are greenhouse gas and waste water while the biggest volume of non-hazardous wastes generated are mining waste. Beyond that, the volume of solid and liquid waste we generate is small and the risk of significant environmental spills or leakages is low. We are committed to reducing our waste production by adopting various practical measure.

(i) Greenhouse Gas Emissions

Our greenhouse gas emissions (mainly including nitrogen oxides, sulphur dioxide and dust particles) are produced during our upstream mining operation and downstream floating process production. During the year, our greenhouse gas emissions remained stable. We are committed to reducing our greenhouse gas emissions by improving the production technology, reducing energy consumption and continuously and regularly detecting greenhouse gas emissions, so as to reduce the total amount of greenhouse gas emissions and its impact on the natural environment, and meet the environmental impact assessment implementation standards. Our greenhouse gas emissions are in line with industry market standard, which do not have material adverse effect on the climate. Set out below is a summary of our greenhouse gas emissions during the year:

	2017	2018	**2019**
Greenhouse Gas Emissions (t)	30	28	**28**

(ii) Waste Water

Water is mainly used for our processing operation and floating process production. However, the majority of the water are recycled for usage to ensure no adverse impact to the environment and the remaining will only be discharged after appropriate treatment. Set out below is a summary of our waste water emissions during the year:

	2017	2018	**2019**
Waste Water Emission (t)	50,755	63,875	**60,560**

(iii) Non-hazardous Waste — Mining Waste

All these mining waste are non-hazardous and are discharged into our designated places and when full, replantation will be carried out thereof in order to restore their original ecological structure. Details of our mining waste produced during the year are set out as follows:

	2017	2018	**2019**
Mining Waste (t)	783,729	394,404	**565,573**

Compared with 2018, our major operating production mines proceeded into deeper ore bodies together with the change of the geostructure of ore bodies during the year, thereby resulting in an increase of stripped mining wastes.

(iv) Packaging Materials

Packaging bags are used to contain our finished products in accordance with the need of our customers. Details of our packaging materials used in our finished products during the year are set out as follows:

	2017	2018	**2019**
Packaging Materials (t)	3.9	23.0	**15.7**

Compared with 2018, our lead and zinc concentrates production decreased during the year, therefore the consumption for packaging materials has also decreased accordingly.

We will continue to monitor the environmental effect of our production and to reduce the dismission of our waste production, so as to minimise the impact on the surrounding ecosystem.

Environmental Regulation: Compliance and Beyond

In China, the implementation of rules and regulations such as National Mineral Resources Plan (2008-2015), National Land Remediation Plan (2016-2020) and Yunnan Province Green Mines Construction Management Rules have enhanced the green mine constructions regulations and requirements regarding the legal operation, standardized management, comprehensive utilization, environmental protection, land reclamation, etc. for the mining companies including our Group.

In Myanmar, the local government also enhanced its rules and requirements regarding the environmental protection matters.

Such environmental protection requirements and policies including energy saving and emission reduction and green mines have increased our investment and expenditure on capital and operating expenses for our mining operation. Notwithstanding that, during the year, we continued our investment in environmental protection measures in compliance with environmental rules and regulations. We have not breached any environmental rules or regulations which resulted in fines or prosecutions. We believe that rule compliance is only our basic standard for environmental protection. We are committed to the responsible supervision of both the short and long-term impacts of our business on the environment. This commitment goes beyond compliance and applies to all stages of our business — from planning, building, operation, maintenance to the decommissioning of our facilities and equipment.

Energy Savings and Reduction: Continuous Research and Implementation

By strengthening our management method, improving our production facilities and streamlining our production process, we continued our research on and implement various energy savings and reduction measures.

(3) Operation System and Staff Training

(i) Operation System

(a) Supply Chain Management

Our suppliers and contractors provide us with a wide range of products and services, including equipment, fuels, electricity and other raw materials for our mining operations; packaging bags and other related accessories for the sales of our final products as well as underground mining expansion construction service and subcontracting processing services, etc. Before entering into the Group's supply chain, all of our suppliers are required to be assessed strictly in accordance with the Company's suppliers approval system, and such comprehensive review and evaluation are based on a combination of different and various factors such as their background information, reputation, supply capacity, etc. When selecting suppliers, we will encourage them to use as many environmentally friendly products and services as possible, and we have made relevant green procurement policies. During the year, the number of our suppliers remained stable. Details of the number of our suppliers are set out as follows:

	2017	2018	**2019**
Number of our suppliers	22	22	**16**

(b) Product Quality Supervision and Customer Privacy Protection

The whole production process, commencing from procurement, production, advertising, labelling, production safety checking up to after sales services, are strictly complied with our quality management requirements. All of our products are strictly supervised according to the national or industry standards and our client's requirements.

We monitor and periodically document any complaints related to breaches of customer privacy and loss of customer data. No customer privacy and data loss cases have been reported or noted during the year.

We continued to provide our clients with high quality after sales service and comply with our stringent products quality control system. As a result of our continuous stringent control in respect of the quality of our products, we did not receive any complaints and/or recalls in respect of our products. During the year, the complaints and/or recalls we received in respect of our products are as follows:

	2017	2018	**2019**
Number of products related complaints received and/or recalled	0	0	**0**

(c) Monitoring of anti-corruption

We have established the anti-corruption management system according to the anti-corruption and bribery laws in the PRC, Hong Kong and Myanmar in order to intensify the detailed management, enhanced the responsibility assessment and trainings of the directors, management and department's "chief principals" and established rational and effective management mechanism to prevent our employees from being engaged in illegal activities such as bribery, extortion, fraud and money laundering, etc. During the year, we have not received any complaints or any legal cases regarding corruption, details are set out as follows:

	2017	2018	**2019**
Number of complaints and/or legal cases regarding corruption	0	0	**0**

(d) Employment and Labour Standards

Our employment policies strictly followed the prevailing laws and regulations regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, including but not limited to the followings:

1. Subscription of five national insurances (endowment insurance, employment injury insurance, medical insurance, maternity insurance, unemployment insurance and/or other insurance) so as to safeguard the employees' legitimate rights and interests in the safety production. High commercial accident insurances were provided to those employees engaged in high-risk works (such as the underground mining workers); and

2. We prohibited the employment of child, forced or compulsory labour in any of our operations. During the year, we did not identify any operation or supplier as having significant risk of child labour and young workers exposed to hazardous work, or forced or compulsory labour.

Compliance with Labour Standards

During the year, we continued to strictly follow all the prevailing laws and regulations regarding labour standards in the PRC, Hong Kong and Myanmar. To the best of our information and knowledge, there was no material non-compliance with the prevailing laws and regulations regarding labour standards by the Group during the year.

(ii) Staff Training

During the year, the main contents of our staff training provided including but not limited to the followings:

(a) Three-levels safety training for newly recruited employees;

(b) Training and education on safety and environmental protection for employees, particularly:

1. Four categories of key personnel, including the main director of mines, deputy director of mines in charge of safety production, head of safety production management department and person in charge of outsourcing projects, as well as safety manager would receive professional training in strict accordance with relevant regulations; and

2. Personnel doing special type of work (e.g. powderman, safety personnel and custodian, custodian for tailing pond, electric welder and installation driver, etc.) would receive professional training required by relevant national departments and could work after obtaining the certification and passing three-month internship;

(c) Training about safety for those returned to work and shifted to other posts: Those employees who have left their posts for more than 6 months and returned to work, and those employees who shifted their posts should receive training on safety by attending workshops and coaching by teams of their own units;

(d) Safety training for "Four News": When new craft, new technology, new equipment and new materials were adopted, the responsible departments would conduct targeted training on safety production for all relevant employees; and

(e) Other trainings: In addition to occupational safety, our training covers areas such as technical knowledge, communication and management skills. The training programs were reviewed at the end of the year so as to assess whether the program is well designed and adequate for employees to continuously improve future training programs.

We cherish every employee and believe that our employees will continue to grow with our business expansion. Our employees have been provided with customized, systematic and forward-looking trainings and promotion opportunities so as to reveal their potentials for our sustainable development.

In light of our continuing development and in order to ensure the continuing enhancement of the team quality, the Company will provide more trainings to our employees in a progressive manner and review and improve the training courses on an ongoing basis so as to meet the need of our business operation and our employees.

(4) Establishing Friendly and Harmonious Relationship with Local Communities

With the goal to create an eco-friendly environment, we treasure the communication with the local governmental departments. We consistently and proactively join the local villagers in discussion and participation of environmental construction, reconstructing infrastructure facilities for local villagers and safeguarding the development of local agricultural production so as to build a harmonious society. Details are set out as follows:

(1) We continued to enhance, improve and upgrade the surrounding living facilities for our mines and processing plants:

(a) We donated drinking water iron pipes and solar power generation equipments to the surrounding villagers;

(b) We constructed sand and stone pavement works and built standardized public toilets for the villagers.

(2) We cared the surrounding education environment:

(a) We participated in various competitions such as intelligence and sports for primary and middle school students and encouraged physical exercise;

(b) We gave our consolation and subsidies for teachers working in surrounding areas.

(3) We participated in regional ethnic cultural activities and buddhist propaganda activities:

(a) We donated several times for regional cultural donations and village cultural associations to promote cultural development;

(b) We donated educational materials such as village-level library rooms, textbooks and stationery.

(4) We organized employees to carry out various cultural activities:

(a) We arranged water-splashing activities during the water-splashing festival;

(b) We organized various sports competition.

We treasure serving our community and therefore we investing in communities where our businesses are located. During the year, our cash donations to local communities reached RMB71,000. Details are as follows:

	2017	2018	**2019**
Donation (RMB)	140,000	210,000	**71,000**

DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

As at 20 March 2020

EXECUTIVE DIRECTOR

Mr. Lei Dejun

Mr. Lei Dejun, aged 41, has been the Chief Operating Officer of the Group since April 2012, and was appointed as an executive Director with effect on 12 June 2017. He is also a director of several subsidiaries of the Group. He was an executive Director from 18 September 2015 to 9 May 2016. Mr. Lei is responsible for the overall production and development of polymetallic projects and the monitoring of the development of Dakuangshan project and he participated in parts of management of the Shizishan Mine project since September 2013. He was appointed as the president of Dehong Yinrun Mining Group Company Limited, a subsidiary of the Company, subsequently in April 2015 where he was fully responsible for daily operation and management of each of the Group's mining entities. He graduated with an associate degree from Kunming Metallurgy College in 1998. He has about 22 years of experience in the production management and operation of mines. Prior to joining the Group, He worked as a technician, deputy director and director of the production department and supervising engineer of the factory at Huize Lead-Zinc Mine and Qujing Company of Yunnan Chihong Zinc & Germanium Co., Ltd. (雲南馳宏鋅鍺股份有限公司) from 1998 to March 2012 where he was responsible for factory production, cost management, human resources, technique and equipment management. During that tenure, he led a number of mining and metallurgical projects and obtained several domestic invention patents and utility model patents.

Mr. Yin Bo

Mr. Yin Bo, aged 58, was appointed as a non-executive Director with effect on 12 June 2017 and appointed as Chairman of the Board on 14 December 2017. He was the chairman, chief executive officer and executive director of CITIC Dameng Holdings Limited (HKSE Stock Code: 1091) from 4 December 2013 to 26 September 2019 and is still a director of its several subsidiaries. He was an executive director and chairman of the Company from 19 August 2015 and 25 August 2015 to 18 September 2015. He holds a Bachelor of Science in Electronics from Shandong Industrial College (now known as Shandong University) in 1982 and a Master Degree in Business Administration from University of Hull in 1997. He also obtained a PhD in Law in Shandong University in 2002. He has held various positions in Shandong Provincial Government and his last position was a Deputy Director of general office of Shandong Provincial Government of the PRC (中國山東省人民政府辦公廳). Mr. Yin has extensive experience in management.

Mr. Chan Suk Ching

Mr. Chan Suk Ching, aged 43, was appointed as a non-executive Director with effect on 12 June 2017. He is also a director of several subsidiaries of the Group. He is the legal counsel of CITIC Dameng Holdings Limited (HKSE Stock Code: 1091) and a consultant in TKC Lawyers. From February 2005 to February 2006, he worked as legal counsel in Inner Mongolia Qing Hua Group (內蒙古慶華集團). He has been in private legal practice since February 2006 and has worked as a consultant or partner in various law firms in Hong Kong. He holds a Master Degree in Laws from Renmin University of China in 2004. Mr. Chan has over 15 years' experience in mergers and acquisitions, corporate finance, regulatory and commercial work in mining and mineral sectors.

DIRECTORS AND SENIOR MANAGEMENT'S PROFILE

As at 20 March 2020

NON-EXECUTIVE DIRECTORS

Mr. Zhang Yonghua

Mr. Zhang Yonghua, aged 56, was appointed as a non-executive Director on 19 October 2017. Mr. Zhang holds a bachelor in law from Sichuan Radio & Television University (四川廣播電視大學) in 1988. He has been the lawyer of Elite Law Firm (四川英特信律師事務所) (formerly known as Sichuan Joint Law Firm (四川聯合律師事務所)) since 1996. He was granted the Chinese Lawyers Qualification Certificate (中國律師資格證書) in 1989 and has been in legal practice in various law firms in Sichuan province, China since 1989. Mr. Zhang has been a practicing lawyer in China for over 30 years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ma Shirong

Mr. Ma Shirong, aged 68, retired, was appointed as an independent non-executive Director with effect on 16 June 2017. He served as the vice president of CITIC Dameng Holdings Limited (HKSE Stock Code: 1091) and the deputy general manager and chief financial officer of CITIC Dameng Mining Co., Limited from 2006 to 2013 and was responsible for overseeing the financial operations of CITIC Dameng Mining Co., Limited. Prior to joining CITIC Dameng Mining Co., Limited, Mr. Ma had taken up management positions in a number of companies including airlines and bank. Mr. Ma worked at Shanghai Airline from December 1986 to August 1996 and had taken up various managerial positions, including the manager of the sales department and planning department and the assistant general manager in charge of business, planning and developments, aircraft purchasing and financing and information system construction. He had also taken up various managerial positions in the Bank of China, Shanghai Branch from August 1996 to November 2006 including acting as the general manager of corporate loan department, trustee business department and financial institutions department. Mr. Ma holds an Executive Master of Business Administration degree (EMBA) from China Europe International Business School and has extensive experience and knowledge in economics and finance.

Mr. Chi Hongji

Mr. Chi Hongji, aged 68, researcher, retired, was appointed as an independent non-executive Director with effect on 16 June 2017. He served successively as geological officer, person in charge of projects, division director engineer and chief engineer in No. 1 Institute of Geology and Mineral Resources of Shandong Province from 1980 to 2005. Mr. Chi graduated from the Department of Geology of Central South Institute of Mining and Metallurgy (中南礦冶學院) (currently known as Central South University) in 1979, and was accredited as a mineral reserves appraiser by the Ministry of Personnel of the People's Republic of China (中華人民共和國人事部) and the Ministry of Land and Resources of the People's Republic of China in 2002. Mr. Chi has extensive experience and knowledge in geological exploration.

Mr. Dong Tao

Mr. Dong Tao, aged 45, was appointed as an independent non-executive Director with effect on 5 March 2018. He is a Chinese Certified Public Accountant and Chinese Certified Tax Agent. He holds a bachelor degree in accounting from Shandong Economic University (now known as Shandong University of Finance and Economics) and a master degree in business administration from Asia International Open University (Macau) (now known as City University of Macau). He worked as the chief financial officer of Shenzhen Heungkong Holding Co., Ltd. (Stock Code: 600162.SH) from 2008 to 2011, and as the general manager of financial management centre in Maoye International Holdings Limited (HKSE Stock Code: 848) from 2011 to 2013. Since 2014, he worked at 廣州廣電房地產開發集團股份有限公司 (Guangzhou Guangdian Property Development Group Shares Co., Ltd.), and served as the assistant general manager and general manager of financial management centre and his current position is deputy general manager, responsible for the financial works. Mr. Dong has extensive experience and knowledge in financial operations.

SENIOR MANAGEMENT

Mr. Guo Zhonglin, Chief Technical Officer

Mr. Guo Zhonglin, aged 57, was appointed as the Chief Technical Officer of the Group in 2011. Since his appointment as Chief Technical Officer, Mr. Guo has been responsible for the technical guidance, technical supervision and technical management in respect of the mining and safety of each mine owned by the Group. Mr. Guo graduated from Kunming University of Science and Technology (昆明理工大學) with a master degree in mining engineering in 1986. He has extensive working experience in mining and the safety of mines. Prior to joining the Group, he was a professor in Kunming University of Science and Technology.

COMPANY SECRETARY

Ms. Chan Wai Ling, FCIS, FCS (PE), is a director of Corporate Services of Tricor Services Limited and a fellow member of both The Hong Kong Institute of Chartered Secretaries ("**HKICS**") and The Chartered Governance Institute in the United Kingdom. Ms. Chan is a holder of the Practitioner's Endorsement from HKICS. Ms. Chan is currently the joint company secretary of IMAX China Holding, Inc. (HKSE Stock Code: 1970), Budweiser Brewing Company APAC Limited (HKSE Stock Code: 1876), China Feihe Limited (HKSE Stock Code: 6186) and Razer Inc. (HKSE Stock Code: 1337). Ms. Chan was also a former company secretary of TCC International Holdings Limited (HKSE Stock Code: 1136, delisted on 20 November 2017), China Maple Leaf Educational Systems Limited (HKSE Stock Code: 1317, resigned on 27 August 2018) and Sun Art Retail Group Limited (HKSE Stock Code: 6808, resigned on 1 November 2019) as well as a former joint company secretary of SITC International Holdings Company Limited (HKSE Stock Code: 1308, resigned on 18 October 2019).

REPORT OF DIRECTORS

REPORT OF DIRECTORS

The Directors are pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its major subsidiaries are focused on the exploration, mining and preliminary processing of non-ferrous metals mineral resources, mainly including lead, zinc and silver, as well as the sales of non-ferrous metals concentrates in Myanmar and China.

During the year, the Group's principal activities developed steadily in Myanmar and continued to develop mineral ore trading business. There were no significant changes in the nature of business of the Group during the year. Details of the major subsidiaries of the Company as at 31 December 2019 are set out in note 1 to the financial statements in this annual report.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the 2019 AGM and approval from the Registrar of Companies in the Cayman Islands, the English name of the Company was changed from "China Polymetallic Mining Limited" to "Greenway Mining Group Limited" and the Chinese name of "信盛礦業集團有限公司" was adopted in place of its previous Chinese name of "中國多金屬礦業有限公司" for identification purpose only.

BUSINESS REVIEW

Business review comprising a fair review of the Group's business, description of our principal risks and uncertainties and our likely future business developments have been set out in the section headed "Management Discussion and Analysis" of this annual report, inclusive of an analysis of the Group's performance during the year using financial key performance indicators set out in the box headed "Financial Highlights" therein.

As with other natural resources and mineral processing companies, the Group's operations create hazardous and non-hazardous waste, effluent emissions into the atmosphere, as well as water, soil and safety concerns for its workforce. Consequently, the Group is required to comply with a range of health, safety and environmental laws and regulations. The Group believes that its operations are in compliance with all material aspects with the applicable health, safety and environmental legislations of the Myanmar and PRC. The Group regularly reviews and updates its health, safety and environmental management practices and procedures to ensure where feasible that they comply, or continue to comply, with best international standards. Our goal is to facilitate the gradual improvement of environmental indicators, while taking into account practical possibilities as well as social and economic factors.

Compliance procedures are in place to ensure adherence to the relevant laws and regulations, in particular, those having a significant impact on the Group. The Board keep reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements. Any new enactment of or changes in the relevant laws and regulations would be communicated to the relevant departments and staffs to ensure compliance. Reminders on the compliance would also be sent out regularly where necessary.

Further discussions on the Company's environmental policies and performance and its compliance with the relevant laws and regulations are set out in the Environmental, Social and Governance Report. Discussions and information therein form part of this Report of the Directors.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 87 of this annual report.

The Board did not recommend the payment of any dividend during the year.

The Company has adopted a Dividend Policy on payment of dividends. The amount of dividend declared by the Board in the future will depend upon: (a) our overall results of operation; (b) our financial position; (c) our capital expenditure requirements; (d) our shareholders interests; (e) our future prospects; and (f) other factors that the Board deems relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Law, including, inter alia, the approval of our shareholders.

FINANCIAL HIGHLIGHTS

A summary of the results for the years ended 31 December 2015 to 2019 and the assets, liabilities and non-controlling interests of the Group as at 31 December 2015, 2016, 2017, 2018 and 2019 are set out on pages 6 to 7 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the Group's property, plant and equipment during the year are set out in note 12 to the financial statements in this annual report.

SHARE CAPITAL

Details of the movements in the issued share capital of the Company during the year are set out in note 28 to the financial statements in this annual report.

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

For the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 89 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2019, according to the Articles of Association, the reserves of the Company distributable to the shareholders were RMB1.50 billion.

Under the Companies Law and subject to the provisions of the Articles of Association, the share premium account is distributable to the shareholders, provided that immediately following the proposed distribution of a dividend, the Company can pay its debts as they fall due in the ordinary course of business. The share premium account can also be distributed by paid-up bonus shares.

The distributable dividend of the Company is limited by its distributable reserves presented in the Chinese statutory financial statement prepared in accordance with the Generally Accepted Accounting Principles of the PRC. Such distributable profits are different from those presented in the financial statement prepared by the Company in accordance with IFRS.

LOANS AND BORROWINGS

Details of the loans and borrowings of the Group are set out in note 26 to the consolidated financial statements in this annual report.

CHARITABLE DONATIONS

The total charitable donations of the Group during the year were RMB71,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 64.64% of the Group's total revenue, respectively, with sales to the largest customer accounting for approximately 31.14% of the Group's total revenue, respectively. Purchases attributable to the Group's five largest suppliers were approximately 64.43% of the Group's total purchases, respectively, with purchases from the largest supplier accounting for approximately 24.03%.

To the best knowledge of the Directors, none of the Directors or any of their associates (as defined in the Listing Rules) or shareholders that owned more than 5% of the Company's share capital, had any direct or indirect interest in the five largest customers or suppliers of the Group during the year.

DIRECTORS

The Directors during the year ended 31 December 2019 and up to the date of this annual report are as follows:

Executive Director

Mr. Lei Dejun

Non-Executive Directors

Mr. Yin Bo *(Chairman)*
Mr. Chan Suk Ching
Mr. Zhang Yonghua

Independent Non-Executive Directors

Mr. Ma Shirong
Mr. Chi Hongji
Mr. Dong Tao

In accordance with Articles 84(1) and 84(2) of the Articles of Association, at each annual general meeting, one-third of the Directors shall retire from office by rotation provided that every Director is subject to retirement at least once every three years, and a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Accordingly, Mr. Chi Hongji, Mr. Ma Shirong and Mr. Zhang Yonghua will retire and be eligible for re-election at the forthcoming 2020 AGM.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has presented an annual confirmation letter to confirm their compliance with the independence requirement under Rule 3.13 of the Listing Rules. The Company believes that all the independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

THE BIOGRAPHY OF THE DIRECTORS AND THE SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out in the Directors and Senior Management's Profile from pages 52 to 54 of this annual report.

DISCLOSURE OF INFORMATION OF DIRECTOR PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

During the year, changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are listed as follows:

Mr. Yin Bo resigned as the chairman, chief executive officer and executive director of CITIC Dameng Holdings Limited (HKSE Stock Code:1091) ("**CITIC Dameng**") on 26 September 2019.

Save as disclosed above, there was no change to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Mr. Chan Suk Ching is the Counsel of CITIC Dameng and Mr. Yin Bo is the director of several subsidiaries of CITIC Dameng. CITIC Dameng is a vertically integrated manganese producer that produces and sells manganese products. That company has manganese mining, ore processing and downstream processing operations in the PRC as well as manganese mining and ore processing operations in Gabon. Further details of the nature, scope and size of the businesses of CITIC Dameng as well as its management are available in its latest annual report. In the event that there are transactions between CITIC Dameng (or its subsidiaries) and the Group, Mr. Chan and Mr. Yin will abstain from voting.

Save as disclosed above, each of the Directors is not directly or indirectly interested in any business that constitutes or may constitute a competing business of the Company.

Save as disclosed above and so far as is known to the Directors, as at 31 December 2019, none of the Directors or their respective associates was materially interested in any contract or arrangement which is significant in relation to the businesses of the Group taken as a whole.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors are of the view that none of the Directors had interest in any business which competed, or were likely to compete, either directly or indirectly, with our businesses, nor had they caused any harm to any interests owned by the Company for the year ended 31 December 2019.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor any connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party at any time during the year ended 31 December 2019.

SERVICE AGREEMENTS OR APPOINTMENT LETTERS OF THE DIRECTORS

None of the Directors proposed for re-election at the 2020 AGM has entered into any service agreement or an appointment letter with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

REMUNERATION POLICY

The remuneration policy of the Group is based on the performance, experience and competence of its staffs and market comparables. The remuneration package includes salaries, medical insurance, discretionary bonuses in connection with the performance of the Group, other benefits as well as the relevant retirement benefit schemes for employees in Myanmar and the PRC.

The remuneration package of the Directors and the senior management is based on their contribution to the performance of the Group. The Company has adopted a share option scheme under which the Directors and the senior management are eligible participants. The remuneration policy of the executive Director and the senior management is supervised by the Nomination and Remuneration Committee of the Board.

Details of the Directors' remuneration are set out in note 8 to the consolidated financial statements in this annual report. The remuneration of the senior management, except Ms. Chan Wai Ling, the company secretary, who is an external service provider, fell within the following band:

	Number of Individual(s)	
Remuneration band (HK$)	**2019**	2018
Below 1,000,000	**4**	4

PERMITTED INDEMNITY

Pursuant to the Articles of Association, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in the execution of his office or otherwise in relation thereto.

The Company has taken out insurance policies against the liability and costs associated with defending any proceeding.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, so far as is known to any Directors, none of the Directors or chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") on 24 November 2011 which came into operation unconditionally on the Listing Date and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The purpose of the Share Option Scheme is to provide an incentive for eligible participants, including executives or officers (including executive, non-executive and independent non-executive directors) or employees (whether full time or part time) of any member of the Group and any persons whom the Directors consider at their sole discretion, to work with commitment towards enhancing the value of the Company and the shares for the benefit of shareholders of the Company and to retain and attract working partners whose contributions are beneficial to the growth and development of the Company.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not, in aggregate, exceed 99,461,950 shares. There is no general requirement that an option must be held for any minimum period before it can be exercised.

The exercise price shall be determined by the Directors, but in any event shall be at least the highest of (i) the closing price per share as stated in the Hong Kong Stock Exchange's daily quotations sheets on the offer date; (ii) the average closing price per share as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares.

During the year and up to the date of this annual report, no share options were granted, exercised, lapsed or cancelled under the Share Option Scheme and there were no outstanding share options under the Share Option Scheme as at 31 December 2019 and as at the date of this annual report.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, the following persons (other than the Directors and chief executive of the Company) had or were deemed or taken to have an interest and/or short position in shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

Name of Shareholder	Capacity	Number of ordinary shares held (Note 5)	Approximate percentage of shareholding (%)
CITIC Dameng Investments Limited (Note 1)	Beneficial owner	1,073,531,131 (L)	29.99 (Note 3)
CITIC Dameng Holdings Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
Apexhill Investments Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
CITIC Metal Group Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
Metal and Mining Link Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
Highkeen Resources Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
Group Smart Resources Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
Starbest Venture Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
CITIC Resources Holdings Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
Keentech Group Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
CITIC Projects Management (HK) Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
CITIC Corporation Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)

Name of Shareholder	Capacity	Number of ordinary shares held (Note 5)	Approximate percentage of shareholding (%)
CITIC Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
CITIC Glory Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
CITIC Polaris Limited (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
CITIC Group Corporation (Note 1)	Interest of corporation controlled by the substantial shareholder	1,073,531,131 (L)	29.99 (Note 3)
Astrum Capital Management Limited (Note 2)	Other	894,944,250 (L) 223,000,000 (S)	20.00 4.98 (Note 4)
Major Harvest Investments Limited (Note 2)	Interest of corporation controlled by the substantial shareholder	894,944,250 (L) 223,000,000 (S)	20.00 4.98 (Note 4)
Astrum Financial Holdings Limited (Note 2)	Interest of corporation controlled by the substantial shareholder	894,944,250 (L) 223,000,000 (S)	20.00 4.98 (Note 4)
Autumn Ocean Limited (Note 2)	Interest of corporation controlled by the substantial shareholder	894,944,250 (L) 223,000,000 (S)	20.00 4.98 (Note 4)
Pan Chik (Note 2)	Interest of corporation controlled by the substantial shareholder	894,944,250 (L) 223,000,000 (S)	20.00 4.98 (Note 4)
Liu Ming Lai Lorna (Note 2)	Interest of spouse	894,944,250 (L) 223,000,000 (S)	20.00 4.98 (Note 4)
Shi Xiaozhou	Beneficial owner	453,690,996 (L)	12.67 (Note 3)

Notes:

1. The entire issued share capital of CITIC Dameng Investments Limited is owned by CITIC Dameng Holdings Limited (HKSE Stock Code: 1091), which is in turn owned as to 9.07% by Apexhill Investments Limited ("**Apexhill**") and 34.39% by Highkeen Resources Limited ("**Highkeen**"). Apexhill is wholly owned by CITIC Metal Group Limited, which is in turn wholly owned by Metal and Mining Link Limited ("**MML**"). MML is wholly owned by CITIC Corporation Limited ("**CITIC Corporation**"). Highkeen is wholly owned by Group Smart Resources Limited, which is in turn wholly owned by Starbest Venture Limited ("**Starbest Venture**"). Starbest Venture is wholly owned by CITIC Resources Holdings Limited (HKSE Stock Code: 1205), which is in turn owned as to 49.57% by Keentech Group Limited ("**Keentech**"). Keentech is wholly owned by CITIC Projects Management (HK) Limited ("**CITIC Projects**"). CITIC Projects is wholly owned by CITIC Corporation. CITIC Corporation is wholly owned by CITIC Limited (HKSE Stock Code: 267), which is owned as to 25.60% by CITIC Glory Limited and as to 32.53% by CITIC Polaris Limited. CITIC Glory Limited and CITIC Polaris Limited are wholly owned by CITIC Group Corporation. CITIC Group Corporation is a company established in the PRC.

2. The long position in respect of 894,944,250 Shares are the rights shares which Astrum Capital Management Limited as the Underwriter is interested in under the Underwriting Agreement on the assumption of no acceptance by the qualifying shareholders under the Rights Issue. Astrum Capital Management Limited is a wholly-owned subsidiary of Major Harvest Investments Limited, which is in turn wholly owned by Astrum Financial Holdings Limited, and is in turn owned as to 66.6% by Autumn Ocean Limited. Autumn Ocean Limited is wholly owned by Pan Chik, whose spouse is Liu Ming Lai Lorna.

3. The percentage shareholdings are calculated based on the issued share capital of the Company comprising 3,579,777,000 Shares as at 31 December 2019.

4. The percentage shareholdings are calculated based on the expected issued share capital of the Company as enlarged by the issue of the rights shares under the Rights Issue comprising 4,474,721,250 Shares.

5. The letter "L" denotes the person's long position and the letter "S" denotes the person's short position in such Shares.

Save as disclosed above, as at 31 December 2019, the Directors have not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2019.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a controlling shareholder of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2019 or at any time during the year ended 31 December 2019.

RELATED PARTY TRANSACTION

Details of related party transactions of the Group for the year ended 31 December 2019 are set out in note 33 to the consolidated financial statements. Save for note 33(a) which is a continuing connected transaction which is fully exempted under Chapter 14A of the Listing Rules, none of the related party transactions set out in the note 33 are continuing connected transactions or connected transactions in accordance with Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry with all Directors, each of the Directors has confirmed that he has complied with the required standard as set out in the Model Code during the year ended 31 December 2019.

The Company has also established the "Employees Written Guidelines" on terms no less exacting than the Model Code for securities transactions by employees who are likely to possess inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2019.

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Monday, 4 May 2020 to Friday, 8 May 2020 (both days inclusive), during which period no share transfers of the Company will be registered. In order to be eligible to attend and vote at the 2020 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 29 April 2020.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge, information and belief of the Directors, the Directors confirmed that the Company has maintained a sufficient public float as required under the Listing Rules throughout the year ended 31 December 2019.

AUDITORS

The Company has appointed Ernst & Young as the auditors of the Company for the year ended 31 December 2019. A resolution will be proposed for approval by shareholders at the 2020 AGM to re-appoint Ernst & Young as the auditors of the Company.

On behalf of the Board
Yin Bo
Chairman

Hong Kong, 20 March 2020

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is fundamental to ensuring that the Company is well managed in the interests of all of its shareholders.

The Board has committed to maintaining high corporate governance practices and procedures to safeguard the interests of shareholders and to enhance corporate value and accountability of the Group. The Board reviews and improves the corporate governance practices from time to time to ensure that the Group is under the leadership of an effective board to optimize return for the shareholders.

The Board is of the view that during the year, the Company has complied with all of the applicable code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors.

Having made specific enquiry with each Board member, all Directors have confirmed their full compliance with the required standards set out in the Model Code during the year.

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

BOARD OF DIRECTORS

Composition

The Board structure is governed by the Articles of Association and the Listing Rules. Currently there are seven directors. An updated list of directors of the Company and their respective roles and functions is available on the website of each of the Hong Kong Stock Exchange and the Company and the same is also set out in the "Corporate Information" section on pages 4 and 5 of this annual report. Biographical details of the Board members and the senior management are set out in the "Directors and Senior Management's Profile" section on pages 52 to 54 of this annual report.

Chairman and Chief Executive Officer

Mr. Yin Bo serves as the Chairman of the Company. Mr. Yin Bo oversees the internal control and corporate governance compliance of the Company. He provides leadership and also promotes and encourages visibility of the Board to ensure in-depth communication internally and externally is achieved.

The position of Chief Executive Officer of the Company remains vacant since the resignation of Dr. Li Chang Zhen on 18 September 2015. The day-to-day operations of the Company are currently overseen by Mr. Lei Dejun, the executive Director, since 12 June 2017. The main duties of Mr. Lei Dejun are to ensure the smooth running of the day-to-day operation of the Company and oversee the implementation of the Company's long and short term plans in accordance with its strategy while ensuring that all major decisions were made in consultation with the Board members, relevant Board committees or senior management of the Group. The Company will continue to use its best endeavours to identify a suitable and qualified candidate to fill the vacancy of the Chief Executive Officer as soon as practicable.

Non-Executive Directors

Code Provision A.4.1 of the CG Code stipulates that the non-executive Directors shall be appointed for a specific term, subject to re-election.

Mr. Yin Bo and Mr. Chan Suk Ching, as non-executive Directors of the Company, have both signed the service agreements with the Company, with a fixed tenure of three years and with effect from 12 June 2017. Mr. Zhang Yonghua, a non-executive Director of the Company, has signed the service agreement with the Company for a fixed tenure of three years, and has come into effective since 19 October 2017.

Independent Non-Executive Directors

The Company has received written annual confirmation of independence from all independent non-executive Directors in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Nomination and Remuneration Committee has, as part of its duties set out in its terms of reference, reviewed these confirmations and assessed the independence of the independent non-executive Directors. The Committee is of the view that all independent non-executive Directors are independent.

Role of the Board

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by leading and managing its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and the senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board determines which functions are reserved to the Board and which are delegated to senior management. It delegates appropriate aspects of its management and administrative functions to senior management. It also gives clear directions as to the powers of senior management, in particular, with respect to the circumstances where senior management must report to the Board and obtain its prior approval before making decisions or entering into any commitments on behalf of the Company. These arrangements are reviewed periodically to ensure that they remain appropriate to the needs of the Company.

Important matters are reserved to the Board for its decision, including long term objectives and strategies, extension of the Group's activities into new business areas, appointments to the Board and the board committees, annual budgets, material acquisitions and disposals, material connected transactions (in particular those that involving conflict of interests), material banking facilities, announcements of interim and final results and payment of dividends.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as Directors of the Company and of the conduct, business activities and development of the Company. The company secretary provides the Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year, the Company has arranged training programmes as part of the continuous professional development for the Directors to develop and refresh their knowledge and skills. A summary of training received by the Directors during the year according to the records provided by the Directors is as follows:

	Type of Continuous Professional Development	
Name of Directors	**Reading on corporate governance, regulatory updates development and other relevant topics**	**Attending relevant training sessions**
Executive Director		
Mr. Lei Dejun	✓	✓
Non-Executive Directors		
Mr. Yin Bo	✓	✓
Mr. Chan Suk Ching	✓	✓
Mr. Zhang Yonghua	✓	✓
Independent Non-Executive Directors		
Mr. Ma Shirong	✓	✓
Mr. Chi Hongji	✓	✓
Mr. Dong Tao	✓	✓

Board Meetings

The Board meets on a regular basis and held seven meetings during 2019 to discuss the overall strategy as well as the operations and financial performance of the Group, etc. In addition, other matters such as 2019 budget and forecast, shareholders' analysis and investors' feedback, change of Directors, corporate governance, corporate risk management, safety governance, and the internal control system, were discussed.

The Directors participated in person or through electronic means of communication. Notice of not less than 14 days was given to the Directors for each of these meetings. Draft agenda for Board meetings were prepared and were circulated to all Directors to enable them to include other matters in the agenda. Agenda accompanying board papers were sent to all Directors at least three days before the date of the Board meeting.

Minutes of Board meetings were prepared with details of decisions reached, any concerns raised and dissenting views expressed. The draft minutes were sent to all Directors within a reasonable time after each meeting for their comments. The finalized and signed Board minutes are kept by the Company and copies thereof were sent to the Directors for information and record.

In addition, Directors participated in the consideration and approval of routine and operational matters of the Company by way of circulating written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the company secretary or other executives as and when required.

Attendance Record of Directors and Committee Members

All Directors play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion. Apart from regulatory board meetings, the Chairman also held meetings with Independent Non-Executive Directors without the presence of other directors during the year. The attendance record of each of the Directors for the Board meetings, chairman's meeting with independent non-executive directors, the board committees meetings and the general meetings held during the year is set out in the table below:

	Number of Meetings Attended/Eligible to attend during the year						
Name of Directors	**Board Meeting**	**Chairman's meeting with independent non-executive directors**	**Audit Committee Meeting**	**Nomination and Remuneration Committee**	**Safety, Health and Environment Committee**	**Strategy Committee**	**2019 AGM**
Number of meetings	7	1	4	2	2	2	1
Executive Director							
Mr. Lei Dejun	7/7	–	–	–	2/2	2/2	1/1
Non-Executive Directors							
Mr. Yin Bo *(Chairman)*	7/7	1/1	–	2/2	–	2/2	1/1
Mr. Chan Suk Ching	7/7	–	4/4	–	–	2/2	1/1
Mr. Zhang Yonghua	7/7	–	–	–	2/2	2/2	1/1
Independent Non-Executive Directors							
Mr. Ma Shirong	7/7	1/1	4/4	2/2	–	–	1/1
Mr. Chi Hongji	7/7	1/1	–	2/2	2/2	–	1/1
Mr. Dong Tao	7/7	1/1	4/4	2/2	–	–	1/1
Average attendance rate	100%	100%	100%	100%	100%	100%	100%

Board Committees

The Board has established four committees, namely, the Audit Committee, Nomination and Remuneration Committee, Safety, Health and Environment Committee and Strategy Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of all the Board committees are posted on the Company's website and are available to shareholders upon request. In compliance with the Listing Rules, the terms of reference of the Audit Committee and the Nomination and Remuneration Committee are also available on the Hong Kong Stock Exchange's website.

Audit Committee

Chairman:	Mr. Ma Shirong, independent non-executive Director
Members:	Mr. Chan Suk Ching, non-executive Director Mr. Dong Tao, independent non-executive Director

The primary functions of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, the accounting principles and practices adopted by the Company, statutory compliance and other financial reporting matters, the major findings on review of internal control system and the management's response, the adequacy of resources, staff qualifications and experience of the internal audit and financial reporting functions, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year, the Audit Committee held 4 meetings to review the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, the appointment of external auditors and relevant scope of works and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also held private sessions with Head of the Internal Audit Department and external auditors without the presence of the management and the executive Director, and reviewed the report on the internal control system of the Group presented by the external auditors.

Representatives of the external auditors, the Chief Financial Officer/Deputy Chief Financial Officer and the Head of the Internal Audit Department attended all those meetings for reporting and answering questions about their work.

The attendance record of each committee member is shown on page 70 under the section "Attendance Record of Directors and Committee Members".

Nomination and Remuneration Committee

Chairman: Mr. Chi Hongji, independent non-executive Director

Members: Mr. Yin Bo, non-executive Director
Mr. Ma Shirong, independent non-executive Director
Mr. Dong Tao, independent non-executive Director

The primary functions of the Nomination and Remuneration Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least once annually and making recommendations to the Board regarding any proposed changes, identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships. The Nomination and Remuneration Committee is also responsible for assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of the Directors as well as reviewing and making recommendation to the Board on the Company's policy and structure for remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

The Board has adopted a board diversity policy (the "**Policy**") in 2013 to comply with the code provision on board diversity. Under the Policy, the Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In determining an optimum composition of the Board, the Company will take into account various aspects set out in the Policy, including but not limited to gender, age, race, cultural and educational background, communication styles, interpersonal skills, functional expertise, problem solving skills, professional qualifications, knowledge and industry and regional experience, other qualities of the members of the Board as well as potential contributions to the Board. The Nomination and Remuneration Committee is also responsible for reviewing the Policy, measurable objectives and progress achieved thereof to ensure the Policy's continued effectiveness from time to time.

The criteria for the Nomination and Remuneration Committee to select and recommend a candidate for directorship include the age, gender, skill, knowledge, experience, integrity and potential contributions to the Board in respect of available time and relevant interest to discharge duties as a member of the Board and whether he/she can demonstrate a standard of competence commensurate with his/her position as a director of the Company. The nominations were made into consideration composition of the Board and the board diversity policy of the Company, with due regard to the overall effective function of the Board as a whole. Relevant members of the Nomination and Remuneration Committee have to abstain from voting when their own nomination was being considered.

The Nomination and Remuneration Committee is provided with sufficient resources, including the advice of professional firms, if necessary, to discharge its duties.

During the year, the Nomination and Remuneration Committee held 2 meetings and performed the following activities:

(a) reviewed and made recommendation to the Board on the remuneration policy and structure of the Company;

(b) reviewed the remuneration packages of the executive Director and the senior management;

(c) conducted an annual review of the size, structure and composition of the Board;

(d) considered the appointment of Directors;

(e) formulated and approved director nomination policy, including the nomination procedures and criterias for selecting and recommending director candidates; and

(f) reviewed the objectives set for implementing the board diversity policy as well as the composition and diversity of the Board.

The attendance record of each committee member is shown on page 70 under the section "Attendance Record of Directors and Committee Members".

The remuneration of the Directors and the senior management is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual performance.

The remuneration to each Director and the senior management for 2019 are set out in note 8 to the financial statements on pages 130 to 132 of this annual report.

Safety, Health and Environment Committee

Chairman: Mr. Lei Dejun, executive Director

Members: Mr. Zhang Yonghua, non-executive Director
Mr. Chi Hongji, independent non-executive Director

The primary function of the Safety, Health and Environment Committee is to oversee the occupational and employee's safety, health and environment policies and activities of the Company as well as to ensure the compliance of the disclosure requirements under Appendix 27 to the Listing Rules as to the environmental, social and governance reporting of the Company.

During the year, the Safety, Health and Environment Committee held two meetings.

The Safety, Health and Environment Committee considered that the Company complied with all applicable occupational health and safety statutory and regulatory requirements in all material respects during the year.

The attendance record of each committee member is shown on page 70 under the section "Attendance Record of Directors and Committee Members".

Strategy Committee

Chairman: Mr. Lei Dejun, executive Director

Members: Mr. Yin Bo, non-executive Director
Mr. Chan Suk Ching, non-executive Director
Mr. Zhang Yonghua, non-executive Director

The primary functions of the Strategy Committee are to review and formulate the long-term development strategy of the Group including considering potential investment opportunities and general corporate strategy. During the year, the Strategy Committee held two meetings.

The attendance record of each Committee Member is shown on page 70 under the section "Attendance Record of Directors and Committee Members".

Corporate Governance Functions

The Board is responsible for performing the functions set out in the Code Provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and the senior management, the Company's policies and practices in compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2019. The Directors consider that in preparing financial statements, the Group ensures to meet statutory requirements and applies appropriate accounting policies that are consistently adopted and makes judgments and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

The Directors are responsible for ensuring that proper accounting records are kept so that the Group could prepare financial statements in accordance with statutory requirements and the Group's accounting policies. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities within the Group.

As at 31 December 2019, the Group's financial position has been materially and adversely affected by a combination of factors, like, the expansion of the Group's mine portfolios financed by short-term bank borrowings, etc. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. In preparing the consolidated financial statements for the year ended 31 December 2019, the Directors have assessed the going concern status of the Group. As disclosed in note 2.1 to financial statements of this annual report, taking into account the plans and measures the Group implemented or is in the process of implementing, the Directors consider that the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due. Accordingly, the consolidated financial statements for the year ended 31 December 2019 have been prepared on a going concern basis. In view of the above, the Company's auditors have included a "Material Uncertainty Related to Going Concern" paragraph in its Independent Auditors' Report.

The statement of the independent auditors of the Company regarding their reporting responsibilities on the financial statements of the Company and the Group is set out in the Independent Auditors' Report on pages 81 to 86 of this annual report.

REMUNERATION OF EXTERNAL AUDITORS

During the year, the Group's external auditors, Ernst & Young, provided assurance service and non-assurance service to the Group. Details of the fees paid/payable to Ernst & Young during the year ended 31 December 2019 are as follows:

Assurance service:	RMB2,680,000
Other assurance service:	
— Agree-upon procedure on rights issue	RMB200,000
— Other agreed-upon procedure	RMB1,300,000
Total	RMB4,180,000

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for risk management and internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations. The Company's risk management and internal control systems are designed to reduce or manage risk to an acceptable level for the Company. They do not eliminate the risk of failure to achieve business objectives, however, can only provide reasonable assurance that the business objectives of the Company are achieved.

The managers of the internal audit department, with the support and assistance from other divisions and departments, directly report to the audit committee in respect of risk management and internal control matters of the Group.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks that the Group is willing to take in achieving its strategic objectives, and ensuring that the Group establishes and maintains an appropriate and effective risk management system.

To the extent that any of these risks are realised, they may affect, among other matters: our current and future business and prospects, financial position, liquidity, asset values, growth potential, sustainable development (whether as to adverse health, safety, environmental, community effects or otherwise) and reputation. Through our continuous optimization of corporate governance and proactive management, we are endeavoured to mitigate, where possible, the impacts of the risks should they materialise.

The key procedures and processes that the Board established to oversee the Company's risk management and internal control systems on an ongoing basis and to provide effective risk management and internal controls are as follows:

- A distinct organisation structure exists with defined lines of authority and control responsibilities;
- A comprehensive management accounting system is in place to provide financial and operational performance indicators to the management and the relevant financial information for reporting and disclosure purpose;
- Policies and procedures are designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for ensuring the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud;
- Systems and procedures are also in place to identify, measure, manage, control and report risks including credit, market, operational, liquidity, interest rate, strategic, legal and reputation risks;
- An internal audit department, amongst others, carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems. The internal audit managers report to the Audit Committee of any findings revealed in the course of their daily work including material internal control defects, if any;
- Audit reports (including management letter) are submitted by external auditors to the Group's management in connection with annual audit;

- A policy on handling and dissemination of inside information is in place, setting out the guiding principles, procedures and internal controls for the handling and dissemination of inside information in a timely manner; and
- A whistle-blowing policy is in place, which encourages employees to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company. The Company treats all information received in confidence and protects the identity and the interests of all whistle-blowers.

During the year, the Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control systems of the Company every half year, including:

(a) the process used to identify, evaluate and manage significant risks;

(b) the main features of the risk management and internal control systems;

(c) the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and

(d) the procedures and internal controls for the handling and dissemination of inside information.

The Group takes proactive measures to identify, evaluate and manage significant risks arising from its businesses. Various risk management strategies have been established by management to identify, assess and mitigate risks, including in the areas of strategy, market, finance, legal and operation risks. The Internal Audit Department conducts an audit based on risk assessment and reviews the effectiveness of the Group's major internal controls to ensure that it can identify and manage its major business and operational risks.

The Audit Committee reviews the findings and opinion of the Internal Audit Department on the effectiveness of the system and reports to the Board if significant findings are noted. During the year, the Board conducted a review of the adequacy and effectiveness of the risk management and internal control systems of the Group by reviewing the work of the Internal Audit Department, the Group's external auditors, and regular reports from management including those on risk management. The Board considered the risk management and internal control systems of the Group effective and adequate and complied with the code provisions of the CG Code.

Independent Auditors

The Company's independent auditor is Ernst & Young. For the year ended 31 December 2019, the remuneration paid/payable by the Group to Ernst & Young is set out in the "Remuneration of External Auditors" section on page 74 of this report.

COMPANY SECRETARY

Ms. Chan Wai Ling ("**Ms. Chan**"), who is a director of Corporate Services Division of Tricor Services Limited, an external service provider, has been appointed by the Board as its company secretary with effect from 2 February 2016. Ms. Chan's primary contact person in the Company in relation to any corporate secretarial matters of the Company is Mr. Lei Dejun, an executive Director.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. Except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, all resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules. Poll results will be posted on the websites of the Company and the Hong Kong Stock Exchange after each general meeting.

Putting Forward Proposals at General Meetings

Pursuant to Article 58 of the Articles of Association, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more shareholders holding not less than one-tenth of the issued share capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board and to put forward proposals specified in such requisition either via personal delivery or mail (attention: Board of Directors), at the Company's principal place of business at Room 2510, 25/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong or at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

For the avoidance of doubt, the requisition must include the business to be transacted at the required extraordinary general meeting and must be signed by the shareholder concerned. If the requisition is confirmed as proper and valid, an extraordinary general meeting shall be held within two months after the deposit of such requisition subject to the requirements of the relevant Articles of Association and the Listing Rules. In case an extraordinary general meeting could not be convened upon the request, the Company will inform the shareholder accordingly. Shareholders' information may be disclosed as required by law.

If within 21 days of such deposit the Board fails to proceed to convene such a meeting, the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Investor Relations Department at the Company's head office in Hong Kong at Room 2510, 25/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong, by post, or by email to ir@greenwaymining.com.

For the avoidance of doubt, shareholder(s) must deposit/send the original duly signed written enquiries or concerns (as the case may be) to the Company's aforesaid address and provide his/her/their full name and contact details in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Constitutional Documents

During the year, the Company has not made any changes to its Memorandum and Articles of Association.

RELATIONSHIP WITH INVESTORS

The Board recognises that effective and timely communication with the Company's investors plays a crucial role in maintaining existing investors' confidence and attracting new investors, so the Group continuously places great importance on proactive communication with its existing and potential shareholders and investors. The primary communication channel between the Company and its shareholders is the publication of annual reports and interim reports, announcements, circulars and notices to shareholders.

The Board also recognises that the information on business performance, business strategies and future outlook should be made available to the public through appropriate channels on a regular basis and in a timely manner. After the public announcements of annual and interim results are made, the Group also holds investors and analysts' briefings and media briefings in Hong Kong. Senior management team of the Company will analyze the results of the Group during the year, elaborate on the Group's business development and address any questions and concerns from investors and media community. The Group's results announcement, after it is published on the website of the Hong Kong Stock Exchange, will also be posted on the Company's website in due time.

The Group's Investor Relations Department has maintained close communication with shareholders and investors through email, conference call, one-on-one meetings, and non-deal roadshow, to ensure that investors and shareholders have received the Company's updates in a fair and timely manner and to facilitate their investment decision-making. Our Investor Relations Department is also responsible for answering investors' enquiries on a timely basis. The Group welcomes all investors to continue to give their opinions and suggestions to the Group. Please feel free to contact our Investor Relations Department at ir@greenwaymining.com. The investors may also check our Investor Relations website at http://greenwaymining.todayir.com/html/ir_overview.php where the Group's announcements, financial information, stock quotes, investment highlights and other information are posted.

The 2019 AGM of the Company further provided a platform and opportunity for our shareholders to exchange views with the Company. The 2020 AGM of the Company is tentatively scheduled to be held on Friday, 8 May 2020, the notice of which will be sent to shareholders at least 20 clear business days before the meeting. The circular to shareholders for the 2020 AGM is tentatively scheduled to be despatched to the shareholders on Friday, 3 April 2020.

SHAREHOLDING ANALYSIS AND INFORMATION FOR SHAREHOLDERS

SHAREHOLDING ANALYSIS AND INFORMATION FOR SHAREHOLDERS

OUR SHARE INFORMATION AND OUR SHAREHOLDING STRUCTURE

As at 31 December 2019, a summary of our share information is set out below:

Our Share Information as at 31 December 2019	
Authorised Share Capital	HK$380,000
Issued Share Capital	HK$35,797.77
Board Lot	1,000 shares
Market Capitalisation	HK$178,988,850
Number of Issued Shares	3,579,777,000
Closing Price	HK$0.05

As at 31 December 2019, a summary of our shareholding structure is set out below:

Our shareholding structure as at 31 December 2019

Size of Registered Shareholdings	No. of Shareholders	% of Shareholders (Note)	No. of Shares
0 – 1,000	42	60.87	25,672
1,001 – 5,000	19	27.54	43,500
5,001 – 10,000	1	1.45	10,000
10,001 – 100,000	1	1.45	50,000
More than 100,001	6	8.70	3,579,647,828
Total	69	100.00	3,579,777,000

Note: Figures are rounded to two decimal place and these figures may show apparent addition errors.

As at 31 December 2019, the Company has 69 registered shareholders. The actual number of investors in the Company's shares is much greater when taking into account the people and organizations that have indirect interest in the Company's shares through intermediaries such as nominees, investment funds and the Central Clearing and Settlement System (CCASS) of Hong Kong.

The Company's major shareholders are CITIC Dameng Investments Limited and individual, Shi Xiaozhou which hold 29.99% and 12.67% of the Company's shares respectively. The remaining 57.34% of the Company's shares are held by a wide range of institutional or corporate investors, as well as a considerable number of retail investors, most of whom are residents in Hong Kong.

THE MAJOR EVENTS AND TENTATIVE DATES OF THE COMPANY IN 2020

Set out below are the major events and tentative dates of the Company in 2020 in which shareholders or investors need to pay attention to:

Date	Event
22 March 2020	Announcement of 2019 final results
8 May 2020	2020 AGM
17 July 2020	Announcement of 2020 interim results

Any changes to these dates will be published on the website of the Company and the Hong Kong Stock Exchange.

EY 安永

Independent Auditors' Report
To the shareholders of Greenway Mining Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greenway Mining Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 87 to 163, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the financial statements, which indicates that the Group incurred a net loss of RMB82,278,000 for the year ended 31 December 2019 and, as at that date, the Group's current liabilities exceeded its current assets by RMB181,389,000. As stated in note 2.1, these conditions, along with other matters as set forth in note 2.1, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS (CONTINUED)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of non-current assets	
In accordance with IFRSs, the Group evaluates annually its non-current assets to determine whether there are any indications of impairment. If such indications of impairment exist, a formal estimate of the recoverable amount is performed based on the value in use methodology. The Group has material investments in various non-current assets, including property, plant and equipment, mining infrastructure, mining rights, and exploration rights and assets. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty, subjective assumptions and application of significant judgement. Based on existing market conditions and the volatility in expected future commodity prices, impairment indicators were identified for the Group's main mining cash-generating units ("**CGUs**"), the mining licence and assets related to Shizishan Mine, Menghu Mine, Dakuangshan Mine, Aung Jiujia Mine, GPS JV Mine and exploration rights and assets related to Liziping Mine and the prepayment made for the long-term supply of tin and tungsten raw ores. As at 31 December 2019, the net carrying amounts of the above-mentioned non-current assets aggregated RMB1,998,154,000. The Group's disclosures related to significant accounting estimates about the impairment assessment for these CGUs and assets are included in note 3 to the financial statements.	The audit procedures for assessing impairment include the following: • We evaluated the assessment of impairment indicators of non-current assets prepared by management; • We tested the impairment models selected for each CGU and asset by understanding the model methodology and comparing that to our understanding of the CGUs and assets; • We compared key market-derived estimates, including commodity prices and interest rates, against external data; • We compared key operational estimates in the models to source data, publicly available information and historical data, where they existed; • We involved our internal valuation specialists to assist us in evaluating the key valuation parameters such as the discount rate calculation, the terminal growth rate applied, and the valuation model used in the impairment assessment models; and • We also assessed the related disclosures in the financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Estimation of mineral reserves	
Mineral reserve estimate is a significant input to depreciation, amortisation, rehabilitation provision calculations and impairment assessments. The estimation involves significant judgement and assumptions by management. Management initially engaged external experts to perform mineral reserve estimation in relation to the areas covered by the Group's mining rights. Subsequently, the Group's internal experts regularly review and compare the estimates of mineral reserves performed by external experts with the actual production data. If management considers it appropriate, management will arrange new independent professional geological studies to be performed. Adjustments will be made should there be a material change in the mineral reserves. The Group's disclosures about estimation of mineral reserves are included in note 3 to the financial statements.	The audit procedures include the following: • We interviewed the Group's internal experts and gained an understanding of their process associated with the review of estimates of the mineral reserves; • For new independent professional geological studies issued during the year, we assessed the competence, capabilities and objectivity of external experts as well as internal experts involved in the estimation process; • We also read reports issued by the external experts to gain an understanding of their methodology, the information used and their conclusions, including explanations for changes in mineral reserves since the last estimation was undertaken; and • We assessed the assumptions and technical parameters used in the estimation of mineral reserves in 2019.
Deferred tax assets	
As at 31 December 2019, the balance of deferred tax assets amounted to RMB49,649,000, which mainly related to accumulated tax losses from the Group's operating subsidiaries in Mainland China, impairment provision relating to the Group's mining CGUs and loss allowances relating to receivables. Management recognised these deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered. Deferred tax assets are significant to our audit because of the magnitude of the assets and the related complexity and subjectivity of the assessment made by management as to whether they can be recovered out of future profits. The assessment involves assumptions that are affected by expected future market and economic conditions. The probability of recovery is impacted by uncertainties regarding the likely timing and level of future taxable profits, together with tax planning strategies and the expiration date of tax losses. The Group's disclosures about deferred tax assets are included in notes 3 and 18 to the financial statements.	The audit procedures include the following: • We evaluated the assumptions and methodologies used by the Group to determine the recoverable amount; • We assessed the historical accuracy of management's assumptions; • We checked whether the information used was derived from the Group's business plans that have been subject to internal reviews and were approved by those charged with governance; and • We reviewed management's business plans to improve the financial performance of the respective companies.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lai Chee Kong.

Ernst & Young
Certified Public Accountants
Hong Kong

22 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
REVENUE	4	**109,483**	195,012
Cost of sales		**(100,031)**	(150,455)
Gross profit		**9,452**	44,557
Other income and gains	5	**4,845**	15,299
Selling and distribution expenses		**(5,553)**	(5,650)
Administrative expenses		**(37,297)**	(37,386)
Other expenses		**(5,562)**	(6,434)
Share of losses of an associate	15	**(2,618)**	—
Finance costs	6	**(25,776)**	(21,110)
LOSS BEFORE TAX	7	**(62,509)**	(10,724)
Income tax expense	9	**(19,769)**	(5,440)
LOSS FOR THE YEAR		**(82,278)**	(16,164)
OTHER COMPREHENSIVE LOSS:			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent years:			
Exchange differences on translation of foreign operations		**5,483**	(3,151)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(76,795)**	(19,315)
Loss attributable to:			
Owners of the Company		**(70,789)**	(8,639)
Non-controlling interests		**(11,489)**	(7,525)
		(82,278)	(16,164)
Total comprehensive loss attributable to:			
Owners of the Company		**(66,077)**	(11,089)
Non-controlling interests		**(10,718)**	(8,226)
		(76,795)	(19,315)
Loss per share attributable to ordinary equity holders of the Company:			
— Basic and diluted	11	**RMB(0.020)**	RMB(0.002)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**805,747**	809,901
Investment properties	13	**6,658**	7,239
Intangible assets	14	**985,541**	992,162
Investment in an associate	15	**19,126**	—
Right-of-use assets	16	**11,198**	—
Prepaid land lease payments	16	**—**	10,403
Payments in advance	17	**213,815**	414,188
Prepayments and deposits	21	**215,126**	216,919
Pledged deposits	22	**1,999**	—
Deferred tax assets	18	**49,649**	61,636
Total non-current assets		**2,308,859**	2,512,448
CURRENT ASSETS			
Inventories	19	**11,484**	35,979
Trade receivables	20	**2,889**	3,536
Prepayments, deposits and other receivables	21	**13,417**	29,758
Due from an associate	33	**9,086**	—
Cash and cash equivalents	22	**2,760**	4,502
Total current assets		**39,636**	73,775
CURRENT LIABILITIES			
Trade payables	23	**17,884**	12,586
Contract liabilities	24	**10,904**	4,960
Other payables	25	**119,741**	169,478
Tax payable		**5,347**	95,341
Lease liabilities	16	**532**	—
Due to a related party	33	**31,068**	—
Interest-bearing bank loans	26	**35,549**	66,520
Total current liabilities		**221,025**	348,885
NET CURRENT LIABILITIES		**(181,389)**	(275,110)
Total assets less current liabilities		**2,127,470**	2,237,338
NON-CURRENT LIABILITIES			
Other payables	25	**3,734**	40,983
Lease liabilities	16	**221**	—
Interest-bearing bank loans	26	**308,990**	297,932
Provision for rehabilitation	27	**34,239**	30,224
Deferred tax liabilities	18	**30,015**	22,233
Total non-current liabilities		**377,199**	391,372
Net assets		**1,750,271**	1,845,966
EQUITY			
Equity attributable to owners of the Company			
Issued capital	28	**30**	30
Reserves	29	**1,547,067**	1,609,369
		1,547,097	1,609,399
Non-controlling interests		**203,174**	236,567
Total equity		**1,750,271**	1,845,966

Lei Dejun
Director

Chan Suk Ching
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to owners of the Company										
	Issued capital RMB'000 note 28	Share premium account RMB'000 note 29(a)	Reserve funds RMB'000 note 29(b)	Safety fund surplus reserve RMB'000 note 29(c)	Capital contribution reserve RMB'000 note 29(d)	Exchange fluctuation reserve RMB'000	Difference arising from changes in non-controlling interests RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2018	30	1,504,337	29,115	8,912	233,000	(578)	(4,115)	(155,700)	1,615,001	250,053	1,865,054
Effect of adoption of IFRS 9	–	–	–	–	–	–	–	(882)	(882)	–	(882)
At 1 January 2018 (restated)	30	1,504,337	29,115	8,912	233,000	(578)	(4,115)	(156,582)	1,614,119	250,053	1,864,172
Loss for the year	–	–	–	–	–	–	–	(8,639)	(8,639)	(7,525)	(16,164)
Other comprehensive loss for the year:											
Exchange differences related to foreign operations	–	–	–	–	–	(2,450)	–	–	(2,450)	(701)	(3,151)
Total comprehensive loss for the year	–	–	–	–	–	(2,450)	–	(8,639)	(11,089)	(8,226)	(19,315)
Acquisition of non-controlling interest	–	–	–	–	–	–	5,260	–	5,260	(5,260)	–
Waiver of debts by non-controlling shareholder	–	–	–	–	1,109	–	–	–	1,109	–	1,109
Provision for safety fund surplus reserve	–	–	–	679	–	–	–	(679)	–	–	–
Utilisation of safety fund surplus reserve	–	–	–	(617)	–	–	–	617	–	–	–
At 31 December 2018	30	1,504,337*	29,115*	8,974*	234,109*	(3,028)*	1,145*	(165,283)*	1,609,399	236,567	1,845,966
At 1 January 2019	**30**	**1,504,337***	**29,115***	**8,974***	**234,109***	**(3,028)***	**1,145***	**(165,283)***	**1,609,399**	**236,567**	**1,845,966**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(70,789)**	**(70,789)**	**(11,489)**	**(82,278)**
Other comprehensive income for the year:											
Exchange differences related to foreign operations	**–**	**–**	**–**	**–**	**–**	**5,483**	**(771)**	**–**	**4,712**	**771**	**5,483**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**5,483**	**(771)**	**(70,789)**	**(66,077)**	**(10,718)**	**(76,795)**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**3,775**	**–**	**3,775**	**(22,675)**	**(18,900)**
Provision for safety fund surplus reserve	**–**	**–**	**–**	**305**	**–**	**–**	**–**	**(305)**	**–**	**–**	**–**
Utilisation of safety fund surplus reserve	**–**	**–**	**–**	**(505)**	**–**	**–**	**–**	**505**	**–**	**–**	**–**
At 31 December 2019	**30**	**1,504,337***	**29,115***	**8,774***	**234,109***	**2,455***	**4,149***	**(235,872)***	**1,547,097**	**203,174**	**1,750,271**

* These reserve accounts comprise the consolidated reserves of RMB1,547,067,000 (2018: RMB1,609,369,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(62,509)**	(10,724)
Adjustments for:			
Finance costs		**25,776**	21,110
Unrealised foreign exchange gains		**(43)**	(316)
Bank interest income	5	**(43)**	(151)
Interest income from loans to third parties		**—**	(1,982)
Depreciation of property, plant and equipment	7	**28,580**	33,130
Depreciation of investment properties	7	**581**	677
Impairment losses recognised	7	**2,932**	677
Loss on disposal of items of property, plant and equipment		**—**	71
Amortisation of intangible assets	7	**6,832**	11,173
Depreciation of right-of-use assets/ recognition of prepaid land lease payments	7	**850**	270
Reversal of a loss allowance for other receivables	7	**(145)**	(2,941)
Income on waiver of debts by other payables	5	**(172)**	(8,515)
Gain on disposal of a subsidiary	5	**(2,890)**	—
Share of losses of an associate	15	**2,618**	—
		2,367	42,479
Decrease in trade receivables		**298**	4,940
Decrease in inventories		**5,437**	6,393
Decrease/(increase) in prepayments, deposits, and other receivables		**3,830**	(6,984)
Decrease in an amount due from a related party		**(9,086)**	200
Increase in trade payables		**5,298**	4,844
Increase in contract liabilities		**5,944**	4,960
Increase in other payables		**25,165**	9,988
Cash generated from operations		**39,253**	66,820
Interest received		**43**	151
Net cash flows generated from operating activities		**39,296**	66,971

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(38,136)**	(34,111)
Advance of loans to third parties		**—**	(13,300)
Repayment of loans from third parties		**13,300**	62,693
Proceeds from disposal of financial assets at fair value through profit or loss		**—**	6,500
Proceeds from by-product due to construction of exploration and evaluation assets		**119**	—
Interest received from loans to third parties		**—**	1,982
Proceeds from disposal of items of property, plant and equipment		**—**	79
Payment for acquisition of non-controlling interests in a subsidiary		**(1,200)**	—
Increase in pledged deposits	22	**(1,999)**	—
Expenditures on exploration and evaluation assets		**—**	(240)
Net cash flows generated from/(used in) investing activities		**(27,916)**	23,603
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments		**(667)**	—
Interest paid		**(17,498)**	(20,424)
Proceeds from a loan from a related party		**30,000**	—
Repayment of bank loans		**(25,000)**	(80,000)
Transaction costs on the renewal of bank loans		**—**	(4,538)
Net cash flows used in financing activities		**(13,165)**	(104,962)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,785)**	(14,388)
Cash and cash equivalents at beginning of year		**4,502**	18,574
Effect of foreign exchange rate changes		**43**	316
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	**2,760**	4,502

1. CORPORATE AND GROUP INFORMATION

Greenway Mining Group Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is Room 2510, 25/F, Harcourt House, No. 39 Gloucester Road, Wanchai, Hong Kong.

Pursuant to the shareholder's approval obtained from the Annual General Meeting held on 31 May 2019, the Certificate of Incorporation on Change of Name of the Company issued by the Registry of Companies in the Cayman Islands on 5 June 2019 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 27 June 2019, the Company changed its name to Greenway Mining Group Limited (formerly known as China Polymetallic Mining Limited) and adopted the Chinese name of "信盛礦業集團有限公司" which has been used for identification purposes only to replace "中國多金屬礦業有限公司".

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in mining, ore processing, the sale of lead-silver concentrates and zinc-silver concentrates and the trading of commodities.

In the opinion of the directors of the Company (the "**Directors**"), the Company does not have an immediate holding company or ultimate holding company. CITIC Dameng Investments Limited, a company incorporated in the British Virgin Islands ("**BVI**"), is in a position to exercise significant influence over the Company.

Information about subsidiaries

(a) Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company %	Principal activities
Directly held:				
Gilberta Holdings Limited	BVI 3 November 2009	US$1.00	100.0	Investment holding
Indirectly held:				
Next Horizon Investments Limited	Hong Kong 3 November 2009	HK$1.00	100.0	Investment holding
Yunnan Harbor Star Mining Limited ("**Yunnan Harbor Star**") (i)	Mainland China 17 April 2012	RMB600 million	100.0	Sale of ore products

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

(a) Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company %	Principal activities
Indirectly held: (continued)				
Dehong Yinbang Mining Technology Development Company Limited ("**Dehong Yinbang**") (i)	Mainland China 23 December 2009	US$48.5 million	100.0	Sale of ore products
Dehong Yinrun Mining Group Company Limited ("**Dehong Yinrun**") (ii)(vi)	Mainland China 7 January 2010	RMB800 million	100.0	Sale of ore products and trading of commodities
Yingjiang County Kunrun Industry Company Limited ("**Kunrun**") (iii)(vi)	Mainland China 7 January 2010	RMB56 million	100.0	Mining, ore processing, sale of lead-zinc-silver ore products and trading of commodities
Mang City Xin Di Mining Company Limited ("**Dakuangshan Company**") (iii)(vi)	Mainland China 12 February 2007	RMB85 million	90.0	Mining, ore processing and sale of lead-zinc ore products
Nujiang Shengjia Chengxin Industrial Co., Ltd. ("**Liziping Company**") (iii)(vi)	Mainland China 15 May 2007	RMB20 million	90.0	Mining, ore processing and sale of lead-zinc ore products
Mang City Shengjia Trading Co., Ltd. ("**Shengjia Company**")(vi)	Mainland China 6 August 2019	RMB2 million	90.0	Sale of ore products and trading of commodities
Meng La Chen Feng Mining Development Company Limited ("**Menghu Company**") (iii)(vi)	Mainland China 4 June 2008	RMB3 million	90.0	Mining and sale of lead-zinc ore products
Harbor Star Mining Company Limited ("**Harbor Star**") (iv)	Myanmar 11 June 2014	Myanmar Kyats ("**MMK**") 500 million	100.0	Mining and sale of lead-zinc ore products

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

(a) Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company %	Principal activities
Indirectly held: (continued)				
Harbor Star Joint Venture Company Limited ("**Harbor Star JV**") (iv)	Myanmar 16 October 2015	US$50 million	100.0	Investment holding
Hua Xing Global Limited ("**Hua Xing**")	BVI 25 November 2016	US$50,000	100.0	Investment holding
Venture Million Enterprises Limited ("**Venture Million**")	BVI 11 May 2016	US$1,000	51.0	Investment holding
GPS Joint Venture Company Limited ("**GPS JV**") (v)	Myanmar 9 January 2013	MMK 25,000 million	52.0	Mining, ore processing and sale of lead ore products
Blue Mountain Resources Pte Limited ("**Blue Mountain**")	Singapore 23 October 2017	Singapore Dollar ("**SG$**") 50,000	100.0	Investment holding

Notes:

(i) Yunnan Harbor Star and Dehong Yinbang are registered as wholly-foreign-owned enterprises with limited liability under PRC law.

(ii) Dehong Yinrun is registered as a foreign investment enterprise under PRC law.

(iii) As at 31 December 2019 and 2018, all equity interests of these subsidiaries were pledged to secure the Group's bank loans (note 26).

(iv) During the year, the Group further acquired 10% equity interests in Harbor Star from an independent individual at a consideration of RMB17,000,000. Upon completion of the acquisition, the Group indirectly owned 100% effective equity interests in Harbor Star and Harbor Star JV.

(v) During the year, the Group further acquired 2% equity interests in GPS JV from an independent third party at a consideration of RMB1,900,000. Upon completion of the acquisition, the Group indirectly owned 52% effective equity interests in GPS JV.

(vi) These subsidiaries are registered as domestic enterprises with limited liability under the PRC law.

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

(b) Partly-owned subsidiaries with material non-controlling interests:

Details of the Group's subsidiaries namely Hua Xing and its subsidiaries ("**Hua Xing Group**"), that have material non-controlling interests are set out below:

	2019 RMB'000	2018 RMB'000
Percentage of effective equity interest held by non-controlling interests:	**48.02%**	50.02%
Loss for the year allocated to non-controlling interests:	**(10,722)**	(8,162)
Dividends paid to non-controlling interests:	**—**	—
Accumulated balances of non-controlling interests at the reporting date:	**162,131**	179,964

The following table illustrates the summarised financial information of Hua Xing Group. The amounts disclosed are before any inter-company eliminations:

	2019 RMB'000	2018 RMB'000
Revenue	**14,986**	13,368
Total expenses	**(37,262)**	(29,686)
Loss for the year	**(22,276)**	(16,318)
Total comprehensive loss for the year	**(22,276)**	(16,318)
Current assets	**39,263**	28,818
Non-current assets	**400,868**	399,519
Current liabilities	**(68,603)**	(43,792)
Non-current liabilities	**(37,050)**	(27,791)
Net cash flows from operating activities	**639**	736
Net cash flows used in investing activities	**(203)**	(683)
Net cash flows from financing activities	**—**	—
Net increase in cash and cash equivalents	**436**	53

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"), and International Accounting Standards ("**IASs**") and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

During the year ended 31 December 2019, the Group incurred a consolidated net loss of RMB82,278,000 (2018: RMB16,164,000) and had net cash flows generated from operating activities of RMB39,296,000 (2018: RMB66,971,000). As at 31 December 2019, the Group had net current liabilities of RMB181,389,000 (2018: RMB275,110,000).

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 has implemented or is in the process of implementing the following measures:

(a) The Directors have evaluated all the relevant facts available to them and are of the opinion that the Group is improving creditability with the bank by generating positive cash inflow from its operations during the year ended 31 December 2019. Meanwhile, the Group is actively exploring the availability of alternative sources of financing.

(b) The Group has budgeted and laid out its business plan for the next twelve months, and seeks to become profitable and generate positive cash flows from operation. The Group is actively monitoring the production activities of the mines so as to fulfill the forecast production volume and meet sales orders.

(c) The Group is taking measures to tighten cost controls over administrative and other operating expenses aiming at improving the working capital and cash flow position of the Group including closely monitoring daily operating expenses.

(d) The Group is actively monitoring the mining production so as not to incur any unexpected significant capital cash outflow.

(e) The Group is actively following up with its debtors on outstanding receivables with the aim of agreeing a repayment schedule with each of them so as to expedite collection.

2.1 BASIS OF PREPARATION (CONTINUED)

Going concern basis (continued)

(f) The Group has successfully completed the rights issue to raise gross proceeds amounted to HK$49.2 million (equivalent to approximately RMB44.4 million) subsequent to 31 December 2019.

The Group estimates that the above measures would bring about sufficient cash from sales to ensure that the Group will continue as a going concern. The Group has taken into consideration of the existing epidemic outbreak of COVID-19 (the "Outbreak") when preparing the cash flow forecast. In light of the Outbreak, the operation of the mines in Myanmar and China have been temporary suspended. Management expects the operation of these mines will gradually begin as the Group's employees (including the employees of the Group's contractors) have gradually returned to the mines. In addition, the Group expects that save and except for any extraordinary circumstances which are beyond the expectation of the management, following the gradual recovery of the Outbreak and the planned production expansion in the second half of 2020, any reasonable adverse price fluctuation of the Group's major products as a result of the Outbreak will not significantly cause severe negative impact to the Group's cash flow. Therefore, the management does not believe the Outbreak will materially affect the Group's operations and cash flows significantly during the forecasted period.

The Directors have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, 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. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2019 on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The Audit Committee of the board of Directors (the "**Board**") has confirmed that it has objectively and critically 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.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2019. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investments retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 16	*Leases*
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
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

Except for the amendments to IFRS 9, IAS 28 and IAS 19, and *Annual Improvements to IFRSs 2015-2017 Cycle*, the adoption of which has had no significant financial effect on the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases — Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

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

New definition of a lease

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

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 presented separately in the statement of financial position. The right-of-use assets for leases were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at cost, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at cost applying IAS 40.

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

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

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 January 2019

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

	Increase/(decrease) RMB'000
Assets	
Increase in right -of-use assets	11,956
Decrease in prepaid land lease payments	(10,403)
Decrease in prepayments, deposits and other receivables	(290)
Increase in total assets	1,263
Liabilities	
Increase in lease liabilities	1,263

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

	RMB'000
Operating lease commitments as at 31 December 2018	1,518
Weighted average incremental borrowing rate as at 1 January 2019	6.17%
Discounted operating lease commitments at 1 January 2019	1,263
Lease liabilities as at 1 January 2019	1,263

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Financial impact at 1 January 2019 (continued)

IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "**uncertain tax positions**"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

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

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

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

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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

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

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of the associate is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investments in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of an associate is included as part of the Group's investment in the associate.

Business combinations and goodwill

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of (a) the consideration transferred, (b) the amount recognised for non-controlling interests; and (c) any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

Merger accounting for business combinations under common control

The consolidated financial statements include the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling parties.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation of items of property, plant and equipment, other than mining infrastructure, is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 – 30 years
Plant and machinery	5 – 15 years
Office equipment	3 – 5 years
Motor vehicles	4 – 6 years

Depreciation of mining infrastructure is calculated using the unit-of-production ("**UOP**") method to write off the cost of the assets in proportion to the extraction of the proved and probable mineral reserves. The estimated useful lives of the mining infrastructure are determined in accordance with the production plans of the entity concerned and the proved and probable reserves of mines using the UOP method.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents items of property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowing funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at historical cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis to write off the cost of an investment property to its residual value over its estimated useful life of 20 years.

Subsequent expenditure is capitalised in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs of the item can be measured reliably; otherwise, the expenditures are recognised in profit or loss in the year in which they are incurred.

For a transfer from investment properties to owner-occupied properties, it is reclassified as property, plant and equipment and its carrying amount at the date of reclassification becomes its cost for accounting purposes. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, the transfer does not change the carrying amount of the property transferred, nor does it change the cost of that property for measurement or disclosure purposes.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines using the UOP method. Mining rights are written off to profit or loss if the mining property is abandoned.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (continued)

Exploration rights and assets

Exploration rights are stated at cost less accumulated amortisation and any impairment losses, and exploration assets are stated at cost less any impairment losses. Exploration rights and assets include the cost of acquiring exploration rights, topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and deferred amortisation and depreciation charges in respect of assets consumed during the exploration activities.

Exploration and evaluation costs include expenditure incurred to secure further mineralisation in existing ore bodies as well as in new areas of interest. Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances indicate that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. An impairment test is performed if any of the following indicators is present:

(a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or

(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs of disposal and their value in use. For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of production fields that are located in the same geographical region.

When it can be reasonably ascertained that an exploration property is capable of commercial production, exploration and evaluation costs capitalised are transferred to either mining infrastructure or mining rights and depreciated/amortised using the UOP method based on the proved and probable mineral reserves. Exploration and evaluation assets are written off to profit or loss if the exploration property is abandoned.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) 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 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 its incremental borrowing rate at the lease commencement date because 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 the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of storage (that is those leases that have a lease term of 12 months). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable from 1 January 2019) (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Leases (applicable before 1 January 2019)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are one month past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related parties and interest-bearing bank loans.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of the Group's financial liabilities is as follows:

After initial recognition, the Group's financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of fixed and variable overhead costs, including depreciation and amortisation incurred in converting materials into finished goods, based on the normal production capacity. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "Finance costs" in profit or loss.

Provisions for the Group's obligations for rehabilitation are based on estimates of the required expenditure at the mines in accordance with the rules and regulations of the People's Republic of China (the "**PRC**") and the Republic of the Union of Myanmar ("**Myanmar**"). The obligation generally arises when an asset is installed or the ground environment is disturbed at the production location. The Group estimates its liabilities for final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining infrastructure.

Over time, the discounted liability is increased for the change in present value based on the appropriate discount rate. The periodic unwinding of the discount is recognised within "Finance costs" in profit or loss. The asset is depreciated using the UOP method over its expected life and the liability is accreted to the projected expenditure date. Additional disturbances or changes in estimates (such as mine plan revisions, changes in estimated costs, or changes in the timing of the performance of reclamation activities) will be recognised as additions or charges to the corresponding assets and rehabilitation liabilities when they occur at the appropriate discount rate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) ***Sale of goods***

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) ***Provision of processing services***

Revenue from the provision of processing services is recognised over time when the relevant services have been provided to which the Group has the right to invoice.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared. In the event that the interim dividends are paid out of the share premium account, shareholders' approval at an extraordinary general meeting is needed. When these interim dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Employee benefits

Pension schemes

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. In particular, (i) the subsidiaries in Mainland China contributes on a monthly basis to various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in Mainland China. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans, (ii) the Hong Kong incorporated companies in the Group operates in a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The Group's contributions have been capped to HK$1,500 per month for each of its employees in Hong Kong in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, and (iii) the Myanmar incorporated companies contribute to the Social Security Board in Myanmar.

The contributions are charged to profit or loss as they become payable in accordance with the rules of the defined contribution retirement benefit plans.

Housing fund

Contributions to an accommodation fund administered by the Public Accumulation Funds Administration Centre in Mainland China are charged to profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these significant assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

As explained in note 2.1, the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group fail to continue as a going concern since the Directors are satisfied that the liquidity of the Group can be maintained in the foreseeable future taking into the considerations as detailed in note 2.1. The Directors also believe the Group will have sufficient working capital to meet its financial obligations when they fall due with the next twelve months from the end of the reporting period.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit risk).

PRC corporate income tax ("PRC CIT")

The Group's operating subsidiaries in Mainland China are subject to PRC CIT. As a result of the fact that certain matters relating to CIT have not been confirmed by the relevant local tax authorities, objective estimates based on currently enacted tax laws, regulations and other related policies are required in determining the provision for CIT to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provision in the period in which the final outcome is determined. The carrying amount of PRC CIT payable at 31 December 2019 was RMB5,347,000 (2018: RMB95,341,000).

Useful lives of property, plant and equipment

The Group estimates useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and changes in mine resources. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will record an impairment provision for technically obsolete assets that have been abandoned. The carrying amount of property, plant and equipment at 31 December 2019 was RMB805,747,000 (2018: RMB809,901,000).

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax assets at 31 December 2019 was RMB49,649,000 (2018: RMB61,636,000). Further details are given in note 18 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Mineral reserves

Engineering estimates of the Group's mineral reserves are inherently imprecise and represent only approximate amounts because of the significant judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mineral reserves can be designated as "proved" and "probable". Proved and probable mineral reserve estimates are updated at regular intervals taking into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimates of proved and probable mineral reserves could change significantly. The Group reviews regularly the estimates of proved and probable mineral reserves and if it is considered appropriate, independent professional geological studies will be performed. Appropriate adjustment will be made should there be a material change in the estimates of proved and probable mineral reserves. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in the amortisation rate calculated using the UOP method. Changes in the estimate of mineral reserves are also taken into account in impairment assessments of non-current assets.

Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits will result either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of mineral reserves is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact on the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

Provision for rehabilitation

Provision for rehabilitation is based on estimates of future expenditures incurred by management to undertake rehabilitation and restoration work which are discounted at a rate reflecting the term and nature of the obligation (ranging from 4.9% to 5.88% as at 31 December 2019) to their present value. Significant estimates and assumptions are made in determining the provision for rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in the discount rate. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the consolidated statement of financial position by adjusting the rehabilitation asset and liability. The carrying amount of provision for rehabilitation at 31 December 2019 was RMB34,239,000 (2018: RMB30,224,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. Management reassesses these estimates at the end of each reporting period. The carrying amount of inventories at 31 December 2019 was RMB11,484,000 (2018: RMB35,979,000).

Impairment of non-current assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Definite life non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The total impairment provisions for property, plant and equipment, intangible assets, right-of-use assets and payments in advance as at 31 December 2019 were RMB110,834,000 (2018: RMB112,951,000).

4. REVENUE AND OPERATING SEGMENT INFORMATION

Operating segment information

The Group's revenue and contribution to profit were mainly derived from its sale of self-produced lead-silver concentrates and zinc-silver concentrates and trading business.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resource to segments and to assess their performance. The information reported to the Group's senior management, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the Group's senior management reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is present, other than the entity-wide disclosures.

4. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosures:

An analysis of revenue is as follows:

	2019 RMB'000	2018 RMB'000
Revenue from contracts with customers	**107,832**	190,717
Revenue from other sources		
Gross rental income	**1,651**	4,295
	109,483	195,012

Revenue from contracts with customers

(i) Disaggregated revenue information

	2019 RMB'000	2018 RMB'000
Type of goods or services		
Sales of lead-silver concentrates	**45,715**	97,320
Sales of zinc-silver concentrates	**6,458**	9,861
Sales of raw ores	**1,006**	2,209
Trading activities	**50,559**	77,344
Rendering of processing services	**4,094**	3,983
Total revenue from contracts with customers	**107,832**	190,717
Timing of revenue recognition		
Goods transferred at a point in time	**103,738**	186,734
Services transferred over time	**4,094**	3,983
Total revenue from contracts with customers	**107,832**	190,717

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 and recognised from performance obligations satisfied in previous periods:

	2019 RMB'000	2018 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**4,960**	442

4. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosure: (continued)

Revenue from contracts with customers (continued)

(ii) ***Performance obligations***

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

Sales of goods

The performance obligation is satisfied upon delivery of the concentrates and payment in advance is normally required.

Processing services

The performance obligation is satisfied over time as services are rendered and a proportional payment in advance is normally required. Payment is generally due upon completion of processing services.

At 31 December 2019 and 2018, the remaining performance obligations (unsatisfied or partially unsatisfied) which are expected to be recognised as revenue within one year relate to sales of goods. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Geographical information

(a) ***Revenue from external customers***

	2019 RMB'000	2018 RMB'000
Geographical markets		
Domestic* — Mainland China	**107,832**	162,621
Overseas — Myanmar	**—**	28,096
Total revenue from contracts with customers	**107,832**	190,717

* The place of domicile of the Group's principal operating subsidiaries is Mainland China.

4. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosure: (continued)

Geographical information (continued)

(b) Non-current assets

	2019 RMB'000	2018 RMB'000
Mainland China	**1,402,030**	1,417,728
Myanmar ^	**857,180**	1,033,084
	2,259,210	2,450,812

^ This includes the payments in advance in respect of acquisition of subsidiaries amounting to RMB201,500,000 (note 17(a)) (2018: RMB383,877,000).

Information about major customers

Revenue from major customers, which individually amounted to 10% or more of the total revenue, is set out below:

	2019 RMB'000	2018 RMB'000
Customer A	**34,093**	*
Customer C	*****	22,027
Customer D	*****	110,729
Customer E	**N/A**	27,168

* Less than 10%

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2019 RMB'000	2018 RMB'000
Reversal of a loss allowance for other receivables	**—**	2,941
Bank interest income	**43**	151
Interest income from loans to third parties	**—**	1,982
Income on waiver of debts by other payables	**172**	8,515
Gain on disposal of a subsidiary (note 15)	**2,890**	—
Gross rental income from investment properties operating leases:		
Other lease payments, including fixed payments	**816**	842
Others	**924**	868
	4,845	15,299

6. FINANCE COSTS

	2019 RMB'000	2018 RMB'000
Interest on bank loans	**22,585**	19,463
Interest on an amount due to a related party	**1,068**	—
Interest on lease liabilities (note 16)	**65**	—
Unwinding of a discount (note 27)	**2,058**	1,647
	25,776	21,110

7. LOSS BEFORE TAX

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

	Notes	2019 RMB'000	2018 RMB'000
Cost of inventories sold		**95,831**	149,032
Cost of services rendered		**4,200**	1,423
Staff costs (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries and relevant benefits		**15,827**	15,477
Pension scheme contributions			
— Defined contribution funds		**413**	535
		16,240	16,012
Depreciation of property, plant and equipment	12	**28,580**	33,130
Depreciation of an investment property	13	**581**	677
Depreciation of right-of-use assets (2018: amortisation of land lease payments) ^	16	**850**	270
Amortisation of intangible assets ^	14	**6,832**	11,173
Depreciation and amortisation		**36,843**	45,250
Impairment losses recognised on:			
Financial assets in prepayments, deposits and other receivables		**—**	665
Trade receivables, net	20	**349**	12
Inventories	19	**2,583**	—
Total impairment losses recognised		**2,932**	677
Auditor's remuneration		**3,976**	4,200
Lease payments not included in the measurement of lease liabilities	16	**61**	—
Operating lease rentals		**—**	933
Reversal of loss allowance for other receivables	21	**(145)**	(2,941)
Foreign exchange losses/(gains), net		**70**	(316)

^ The amortisation of intangible assets and depreciation of right-of-use assets (2018: amortisation of land lease payments) for the current year and the prior year included in "Cost of sales" in profit or loss.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**HKSE**"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2019 RMB'000	2018 RMB'000
Fees	**2,100**	2,931
Other emoluments:		
Salaries, allowances and benefits in kind	**1,266**	650
Pension scheme contributions		
— Defined contribution fund	**9**	10
	1,275	660
	3,375	3,591

(a) Independent non-executive directors

The fees and other emoluments paid to independent non-executive directors during the year and prior year were as follows:

Fees

	2019 RMB'000	2018 RMB'000
Mr. Ma Shirong	**300**	464
Mr. Chi Hongji	**300**	464
Mr. Dong Tao	**300**	250
	900	1,178

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(b) Executive director, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2019				
Executive director				
Mr. Lei Dejun	**300**	**1,266**	**9**	**1,575**
Non-executive directors				
Mr. Yin Bo	**300**	**—**	**—**	**300**
Mr. Chan Suk Ching	**300**	**—**	**—**	**300**
Mr. Zhang Yonghua	**300**	**—**	**—**	**300**
	900	**—**	**—**	**900**
	1,200	**1,266**	**9**	**2,475**

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2018				
Executive director				
Mr. Lei Dejun	464	650	10	1,124
Non-executive directors				
Mr. Yin Bo	464	—	—	464
Mr. Chan Suk Ching	464	—	—	464
Mr. Zhang Yonghua	361	—	—	361
	1,289	—	—	1,289
	1,753	650	10	2,413

The position of chief executive of the Company has remained vacant since the resignation of the former chief executive on 18 September 2015. There was no arrangement under which a director or a chief executive waived or agreed to waive any remuneration during the year (2018: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(c) Five highest paid employees

The five highest paid employees during the year included one (2018: four) director, details of whose remuneration are set out above. Details of the remuneration for the year of the remaining four (2018: one) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 RMB'000	2018 RMB'000
Salaries, allowances and benefits in kind	**1,658**	480
Pension scheme contributions	**26**	—
	1,684	480

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2019	2018
Nil to HK$1,000,000	**4**	1

9. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

Pursuant to the income tax rules and regulations in the PRC, the Group's subsidiaries located in Mainland China are liable to PRC corporate income tax at a rate of 25% on the assessable profits generated for the year.

Pursuant to the income tax rules and regulations in Myanmar, the Group's subsidiaries located in Myanmar are liable to Myanmar corporate income tax at a rate of 25% on the assessable profits generated for the year.

Pursuant to the income tax rules and regulations in Singapore, the Group's subsidiary located in Singapore is liable to Singapore corporate income tax at a rate of 8.5% on the assessable profits generated for the year.

The major components of income tax expense were as follows:

	2019 **RMB'000**	2018 RMB'000
Current – Myanmar		
Charge for the year	**–**	1,725
Deferred (note 18)	**19,769**	3,715
	19,769	5,440

9. INCOME TAX (CONTINUED)

A reconciliation of the income tax expense applicable to loss before tax at the statutory rates is as follows:

	2019 RMB'000	2018 RMB'000
Loss before tax	**(62,509)**	(10,724)
Add: disallowed expenses/(non-assessable gains) incurred by BVI subsidiary	**7**	(9,860)
Loss before tax incurred by companies other than the BVI subsidiary	**(62,502)**	(20,584)
Tax at the respective statutory tax rates:		
— PRC subsidiaries, at 25%	**(10,531)**	(6,704)
— Myanmar subsidiaries, at 25%	**(4,922)**	(764)
— the Company and its Hong Kong subsidiary, at 16.5%	**(105)**	1,533
— Singapore subsidiary, at 8.5%	**(5)**	—
Gains not subject to tax	**(4,245)**	(10,560)
Tax losses not recognised	**17,741**	10,545
Utilisation of previously not recognised tax losses	**(148)**	(4,762)
Expenses not deductible for tax	**7,638**	14,147
Losses attributable to an associate	**655**	—
Effect on opening deferred tax of increase in rates	**5,911**	—
Withholding income tax on the intra-group management fee charged	**—**	247
Reversal of deferred tax recognised in prior years (note 18)	**7,780**	1,758
Income tax expense	**19,769**	5,440

The share of tax attributable to an associate amounting to RMB2,618,000 (2018: Nil) is included in "Share of losses of an associate" in profit or loss.

10. DIVIDENDS

At a meeting of the Directors held on 20 March 2020, the Directors did not recommend a final dividend for the year ended 31 December 2019 (2018 final dividend: Nil).

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

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 3,579,777,000 (2018: 3,579,777,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2019 and 2018.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Mining infra-structure RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
31 December 2019							
Cost:							
At 1 January 2019	66,949	430,492	6,225	13,650	559,104	30,167	1,106,587
Additions	–	286	12	–	40,782	3,613	44,693
Transferred from CIP	1,688	650	–	–	–	(2,338)	–
Attributable to change of a subsidiary to an associate (note 15)	–	(47,288)	–	–	–	–	(47,288)
Disposals	–	(1,115)	–	–	–	–	(1,115)
Exchange realignment	1,929	724	–	48	–	56	2,757
At 31 December 2019	70,566	383,749	6,237	13,698	599,886	31,498	1,105,634
Accumulated depreciation and impairment:							
At 1 January 2019	12,509	159,234	5,409	11,062	108,472	–	296,686
Provided for the year	3,343	20,317	60	905	3,955	–	28,580
Attributable to change of a subsidiary to an associate (note 15)	–	(24,378)	–	–	–	–	(24,378)
Disposals	–	(1,115)	–	–	–	–	(1,115)
Exchange realignment	58	52	–	4	–	–	114
At 31 December 2019	15,910	154,110	5,469	11,971	112,427	–	299,887
Net carrying amount:							
At 1 January 2019	54,440	271,258	816	2,588	450,632	30,167	809,901
At 31 December 2019	54,656	229,639	768	1,727	487,459	31,498	805,747

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Mining infra-structure RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
31 December 2018							
Cost:							
At 1 January 2018	38,116	416,609	6,219	14,563	539,469	26,914	1,041,890
Additions	–	788	6	971	23,629	45,440	70,834
Transferred from CIP	29,011	13,176	–	–	–	(42,187)	–
Disposals	–	–	–	(1,884)	–	–	(1,884)
Reduction in cost	–	–	–	–	(3,994)	–	(3,994)
Exchange realignment	(178)	(81)	–	–	–	–	(259)
At 31 December 2018	66,949	430,492	6,225	13,650	559,104	30,167	1,106,587
Accumulated depreciation and impairment:							
At 1 January 2018	10,125	135,764	5,321	11,740	102,287	–	265,237
Provided for the year	2,392	23,479	88	986	6,185	–	33,130
Disposals	–	–	–	(1,664)	–	–	(1,664)
Exchange realignment	(8)	(9)	–	–	–	–	(17)
At 31 December 2018	12,509	159,234	5,409	11,062	108,472	–	296,686
Net carrying amount:							
At 1 January 2018	27,991	280,845	898	2,823	437,182	26,914	776,653
At 31 December 2018	54,440	271,258	816	2,588	450,632	30,167	809,901

Notes:

(a) As at 31 December 2019, the Group was in the customary process of obtaining the relevant building ownership certificates ("**BOCs**") for the Group's plants with a net carrying amount of RMB3,878,000 (2018: RMB4,379,000) as the Group was still in the process of applying for the land use rights certificate on which the plants were erected. The Group's plants can only be sold, transferred or mortgaged when the relevant BOCs have been obtained.

(b) As at 31 December 2019, the Group's property, plant and machinery with a net carrying amount of RMB57,888,000 (2018: RMB60,967,000) were pledged to secure bank loans granted to the Group (note 26).

13. INVESTMENT PROPERTIES

	2019 RMB'000	2018 RMB'000
Cost	**11,933**	11,933
Accumulated depreciation	**(5,275)**	(4,694)
Net carrying amount	**6,658**	7,239
Opening net carrying amount	**7,239**	7,916
Depreciation provided during the year	**(581)**	(677)
Closing net carrying amount	**6,658**	7,239

As at 31 December 2019, the fair value of the investment properties was estimated to be approximately RMB12,748,000 (2018: RMB11,720,000). The valuation was performed by Sichuan Gongchengxin Real Estate and Land Appraisal Company Limited, independent professionally qualified valuer. Selection criteria of the external valuer include market knowledge, reputation, independence and whether professional standards are maintained. The valuation was determined using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the price per square metre. The fair value measurement hierarchy of the investment property requires certain significant unobservable inputs (Level 3).

The investment property is leased to a third party under an operating lease, further summary details of which are included in note 16 to the financial statements.

14. INTANGIBLE ASSETS

	Mining rights RMB'000	Exploration and evaluation assets RMB'000	Total RMB'000
31 December 2019			
Cost at 1 January 2019, net of accumulated amortisation and impairment	**700,628**	**291,534**	**992,162**
Additions	**1,516**	**1,743**	**3,259**
Reduction in cost	**—**	**(3,525)**	**(3,525)**
Amortisation provided during the year	**(6,832)**	**—**	**(6,832)**
Exchange realignment	**477**	**—**	**477**
At 31 December 2019	**695,789**	**289,752**	**985,541**
Analysed as:			
Cost	**829,776**	**289,752**	**1,119,528**
Accumulated amortisation	**(72,169)**	**—**	**(72,169)**
Impairment	**(61,146)**	**—**	**(61,146)**
Exchange realignment	**(672)**	**—**	**(672)**
Net carrying amount	**695,789**	**289,752**	**985,541**

14. INTANGIBLE ASSETS (CONTINUED)

	Mining rights RMB'000	Exploration and evaluation assets RMB'000	Total RMB'000
31 December 2018			
Cost at 1 January 2018, net of accumulated amortisation and impairment	715,557	292,425	1,007,982
Additions	37	203	240
Reduction in cost	(3,170)	(1,094)	(4,264)
Amortisation provided during the year	(11,173)	—	(11,173)
Exchange realignment	(623)	—	(623)
At 31 December 2018	700,628	291,534	992,162
Analysed as:			
Cost	828,260	291,534	1,119,794
Accumulated amortisation	(65,337)	—	(65,337)
Impairment	(61,146)	—	(61,146)
Exchange realignment	(1,149)	—	(1,149)
Net carrying amount	700,628	291,534	992,162

As at 31 December 2019, the Group's intangible assets with a net carrying amount of approximately RMB61,794,000 (2018: RMB61,810,000) were pledged to secure bank loans granted to the Group (note 26).

15. INVESTMENT IN AN ASSOCIATE

	As at 31 December 2019 RMB'000
Share of net assets	**19,126**

On 29 March 2019, Yingjiang Kunrun Gongmao Limited ("**Kunrun Gongmao**") was established pursuant to its special resolution of shareholders' meeting held on 5 March 2019. Certain assets and liabilities of Yingjiang County Kunrun Industry Company Limited ("**Kunrun**"), an indirect subsidiary of the Company, were injected/ transferred to Kunrun Gongmao based on the book values on 31 March 2019 (the "**Split**"). Upon the Split, the Company own a 100% equity interest in Kunrun Gongmao with registered capital of RMB20,000,000 through Kunrun.

15. INVESTMENT IN AN ASSOCIATE (CONTINUED)

On 10 May 2019, Kunrun entered into a capital increase agreement with two independent third parties, pursuant to which the two independent third parties agreed to make capital contributions of RMB13,000,000 and RMB12,000,000 respectively in cash to the registered capital to gain equity interests of Kunrun Gongmao by 28.89% and 26.67%, respectively. Although the Company holds 44.44% equity interests in Kunrun Gongmao, the Company has agreed the sharing of control over Kunrun Gongmao with the two independent third parties pursuant to the Articles of Association, under which the relevant activities require consent from shareholders holding two-thirds of equity interests of Kunrun Gongmao. Effective from the date of the Articles of Association, 10 June 2019, Kunrun Gongmao was derecognised as a subsidiary of the Company and excluded from the scope of the consolidation, and was accounted for as an associate using equity accounting in the Group's consolidated financial statements (the "**Derecognition**").

The net assets of Kunrun Gongmao at the date of the Derecognition are as follows:

	RMB'000
Net assets disposed of	
Inventories	16,475
Property, plant and equipment (note 12)	22,910
Payments in advance	182,377
Other payables	(112,914)
Tax payables	(89,994)
Net assets	18,854

No cash consideration was received or paid from the transaction.

A gain of RMB2,890,000 was recognised in profit or loss for the difference between the fair value of investment retained in the associate and the carrying amount of net assets derecognised in the subsidiary.

The Group's shareholdings in the associate are held through wholly-owned subsidiaries of the Company. Particulars of the associate are as follows:

Name	Particulars of registered capital	Place of registration and business	Percentage of Voting power	Percentage of Profit sharing*	Principal activities
Kunrun Gongmao	RMB45,000,000	Mainland China	44.44%	90%	Sale and processing of ore products

* Pursuant to the Articles of Association of Kunrun Gongmao on 10 June 2019, unlike voting power, the percentage of profit sharing were based on the percentage of paid-in capital. As at 31 December 2019, RMB2,200,000 was paid up by the independent third parties. Therefore, the Group is entitled to 90% of profit sharing in Kunrun Gongmao. Pursuant to the resolution of shareholders, any resolution made at the shareholders' meeting shall be subject to the agreement of two-thirds of the shareholders and such voting power was based on registered capital. The board of shareholders is the highest authoritative body to exercise the major function and power of Kunrun Gongmao.

15. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The following table illustrates the summarised financial information in respect of Kunrun Gongmao adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements as at 31 December 2019 (31 December 2018: Nil):

	2019 RMB'000
Current assets	18,479
Non-current assets	221,117
Current liabilities	(218,430)
Non-current liabilities	—
Net assets	21,166
Reconciliation to the Group's interest in the associate:	
Percentage of the Group's paid-in capital in the associate	90%
Share of net assets of the associate based on the percentage of the Group's paid-in capital in the associate	19,050
Less: difference arising from change of profit sharing	76
The Group's share of net assets of the associate	19,126
Revenue	—
Loss for the period from the date of derecognition to 31 December 2019	2,778
Share of losses of the associate	2,618
Movements of the Group's associate are as follows:	
At 1 January	—
Addition	21,744
Share of losses of an associate	(2,618)
At 31 December	19,126

As at 31 December 2019, the amount due from the associate included in the Group's current liabilities totalling RMB9,086,000 (2018: Nil) is unsecured, interest-free and repayable on demand.

16. LEASES

The Group as a lessee

The Group has lease contracts for office premises and warehouse used in its operations. Lump sum payments were made upfront to acquire the leased land with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises and warehouse generally have lease terms between 1 and 3 years.

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

	RMB'000
Carrying amount at 1 January 2018	10,943
Recognised in profit or loss during the year	(270)
Carrying amount at 31 December 2018	10,673
Current portion included in prepayments, deposits and other receivables	(270)
Non-current portion	10,403

(b) Right-of-use assets

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

	Prepaid land lease payments	Office premises	Warehouse	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2019	10,673	1,143	140	11,956
Addition	—	92	—	92
Depreciation charge	(270)	(460)	(120)	(850)
As at 31 December 2019	10,403	775	20	11,198

As at 31 December 2019, the Group's prepaid land lease payments with a net carrying amount of approximately RMB10,403,000 (2018: RMB10,403,000) were pledged to secure bank loans granted to the Group (note 26).

16. LEASES (CONTINUED)

The Group as a lessee (continued)

(c) Lease liabilities

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

	RMB'000
Carrying amount at 1 January 2019	1,263
New leases	92
Accretion of interest recognised during the year	65
Payments	(667)
Carrying amount at 31 December 2019	753
Analysed into:	
Current portion	532
Non-current portion	221

The total cash outflow for leases under the measurement of lease liabilities is included in financing activities in the statement of cash flows.

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

	2019 RMB'000
Interest on lease liabilities (note 6)	**65**
Depreciation charge of right-of-use assets	**850**
Expense relating to short-term leases (included in administrative expenses)	**61**
Total amount recognised in profit or loss	**976**

The Group as a lessor

The Group leases its investment properties (note 13) consisting of four commercial properties in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB816,000 (2018: RMB842,000), details of which are included in note 5 to the financial statements.

The Group leases its mining right under operating lease arrangements to an independent individual, with lease terms from 31 July 2018 to 31 July 2020. Gross rental income recognised by the Group during the year was RMB1,651,000 (2018: RMB4,295,000), details of which are included in note 4 to the financial statements.

16. LEASES (CONTINUED)

The Group as a lessor (continued)

At 31 December 2019, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2019 RMB'000	2018 RMB'000
Within one year	**1,922**	1,400
After one year but within two years	**916**	1,850
After two years but within three years	**231**	800
After three years	**—**	32
	3,069	4,082

17. PAYMENTS IN ADVANCE

	Notes	2019 RMB'000	2018 RMB'000
In respect of the purchase of:			
Prepaid land lease payments		**11,883**	11,883
Property, plant and equipment		**729**	1,725
Acquisition of subsidiaries	(a)	**201,500**	383,877
Acquisition of a non-controlling interest in a subsidiary	(b)	**—**	17,000
		214,112	414,485
Impairment		**(297)**	(297)
		213,815	414,188

Notes:

(a) Prepayments of RMB383,877,000 made to independent third parties (the "**Sellers**") in respect of proposed acquisitions of the entire equity interest in six domestic companies of Myanmar pursuant to six framework agreements of equity transfer entered into between the Group and the Sellers on 17 December 2016. During the year, framework agreements of equity transfer amounted to RMB182,377,000 which has been transferred to the associate by way of split.

(b) On 20 May 2019, the Group completed the acquisition of a 10% equity interest in Harbor Star Mining Company Limited from an independent individual at a consideration of RMB17,000,000.

18. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Provision for impairment and loss allowances RMB'000	Accrued interest expenses RMB'000	Losses available for offsetting against taxable profits RMB'000	Unrealised profit from intra-group sales RMB'000	Provision for rehabilitation RMB'000	Excess tax depreciation over book value of fixed assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2018	32,933	6,282	22,930	289	1,729	1,188	–	65,351
Deferred tax charged to profit or loss during the year (note 9)	–	–	(1,076)	(68)	–	(78)	–	(1,222)
Write-off during the year (note 9)	(735)	–	(1,758)	–	–	–	–	(2,493)
At 31 December 2018	32,198	6,282	20,096	221	1,729	1,110	–	61,636
At 1 January 2019	32,198	6,282	20,096	221	1,729	1,110	–	61,636
Effect of adoption of IFRS 16	–	–	–	–	–	–	316	316
At 1 January 2019 (restated)	32,198	6,282	20,096	221	1,729	1,110	316	61,952
Deferred tax charged to profit or loss during the year (note 9)	–	–	(4,061)	(68)	–	(78)	(128)	(4,335)
Write-off during the year (note 9)	–	(361)	(7,419)	–	–	–	–	(7,780)
Gross deferred tax assets at 31 December 2019	32,198	5,921	8,616	153	1,729	1,032	188	49,837

18. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2018 and 31 December 2018	22,233	—	—	22,233
At 1 January 2019	22,233	—	—	22,233
Effect of adoption of IFRS 16	—	—	316	316
At 1 January 2019 (restated)	22,233	—	316	22,549
Deferred tax charged/(credited) to profit or loss during the year (note 9)	5,777	2,005	(128)	7,654
Gross deferred tax liabilities at 31 December 2019	28,010	2,005	188	30,203

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2019 RMB'000	2018 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**49,649**	61,636
Net deferred tax liabilities recognised in the consolidated statement of financial position	**30,015**	22,233

The Group has tax losses arising in Mainland China of RMB234,018,000 (2018: RMB217,267,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of RMB199,554,000 (2018: RMB136,883,000) of these losses as they have arisen in certain subsidiaries that have been loss-making in 2019 and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Deferred tax assets have been recognised in respect of RMB34,464,000 (2018: RMB80,384,000) of these losses arising from certain other subsidiaries that have been loss-making in 2019. Based on management's profit forecast projections, it is considered probable that taxable profits will be available against which the tax losses can be utilised within five years before the expiry of the unused tax losses.

At 31 December 2019, the Group had tax losses arising in Hong Kong of RMB151,285,000 (2018: RMB144,628,000) that are available indefinitely for offsetting against future taxable profits of its Hong Kong subsidiary in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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

18. DEFERRED TAX (CONTINUED)

At 31 December 2019, no deferred tax liability has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China and Myanmar. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences as associated with investments in subsidiaries in Mainland China and Myanmar for which deferred tax liabilities have not been recognised totalled approximately RMB226,682,000 (2018: RMB241,931,000) and RMB9,791,000 (2018: RMB11,346,000), respectively.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

19. INVENTORIES

	2019 RMB'000	2018 RMB'000
Raw materials	**4,377**	10,893
Spare parts and consumables	**4,667**	3,756
Finished goods	**5,023**	21,330
	14,067	35,979
Impairment	**(2,583)**	—
	11,484	35,979

20. TRADE RECEIVABLES

	2019 RMB'000	2018 RMB'000
Trade receivables	**38,583**	38,881
Impairment	**(35,694)**	(35,345)
	2,889	3,536

It is the Group's trading terms that payment in advance is normally required with its customers, except for major customers, where the Group grants a credit term of one month. In view of the fact that the Group sells all of its products to a small number of customers, there is a high level of concentration of credit risk. The Group seeks to maintain strict control over the settlement of its outstanding receivables and has a credit control department to minimise credit risk. The Group does not hold any collateral or other credit enhancements over trade receivables. Trade receivables are non-interest-bearing and unsecured.

20. TRADE RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019 RMB'000	2018 RMB'000
Within 3 months	**2,889**	3,536

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

	2019 RMB'000	2018 RMB'000
At beginning of year	**35,345**	35,333
Impairment losses, net (note 7)	**349**	12
At end of year	**35,694**	35,345

Impairment

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

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

As at 31 December 2019

		Past due		
	Current	Less than 1 year	Over 1 year	Total
Expected credit loss rate	**10.5%**	**40%**	**100%**	
Gross carrying amount (RMB'000)	**2,878**	**520**	**35,185**	**38,583**
Expected credit losses (RMB'000)	**302**	**207**	**35,185**	**35,694**

As at 31 December 2018

		Past due		
	Current	Less than 1 year	Over 1 year	Total
Expected credit loss rate	9.2%	30%	100%	
Gross carrying amount (RMB'000)	3,894	—	34,987	38,881
Expected credit losses (RMB'000)	358	—	34,987	35,345

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2019 RMB'000	2018 RMB'000
Current portion:			
Prepayments in respect of:			
— purchase of inventories		**9,779**	9,846
— professional fees		**130**	846
— prepaid land lease payments to be amortised within one year		**—**	270
— deposits		**638**	444
— others		**1,811**	4,522
Loans receivable	(a)	**—**	13,300
Prepaid expenses		**83**	84
Other receivables in respect of:			
— transfer from trade receivables	(b)	**43,991**	43,991
— other receivables		**375**	—
— staff advances		**1,121**	1,111
		57,928	74,414
Impairment allowance	(c)	**(44,511)**	(44,656)
		13,417	29,758
Non-current portion:			
Prepayment in respect of purchase of inventories	(d)	**214,165**	214,165
Deposits in respect of:			
— environmental rehabilitation		**—**	1,170
— others		**961**	1,584
		215,126	216,919
		228,543	246,677

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) Pursuant to a resolution of the Board dated 27 June 2018, a loan with an amount of RMB13,300,000 was made by the Group to an independent third party, with a term of one year and a fixed interest rate per annum. The Group has fully collected the principal due in June 2019.

(b) Pursuant to a restructuring arrangement executed by the owner of the Group's customer, namely Ruili Yuxiang Industrial Co., Ltd. ("**Yuxiang**"), in January 2016, the Group entered into a debtor transfer agreement with Yuxiang and another entity controlled by the owner of Yuxiang on 20 January 2016. As a result, the trade receivable balance with Yuxiang of RMB46,932,000, and the corresponding impairment provision of RMB10,883,000 recognised in 2015, were transferred to other receivables.

However, the transferred balance had not been collected according to the agreed repayment terms in 2016 as a result of the weak market condition. As such, the Group made an additional impairment provision of RMB36,049,000 in 2016. Despite such provision and the longer-than-expected repayment period, the Group had continued to initiate necessary actions to recover the receivable in part or in full. The Group collected RMB2,941,000 and the related impairment allowance was reversed accordingly in 2018.

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

	2019 RMB'000	2018 RMB'000
At beginning of year	**44,656**	46,932
Impairment losses	**–**	665
Reversal of a provision for loss allowance (note 7)	**(145)**	(2,941)
At end of year	**44,511**	44,656

Where applicable, an impairment analysis is performed at each reporting date by considering expected credit losses, which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2019 ranged from 0.5% to 10% (2018: from 0.5% to 10%).

(d) The balances represent prepayments made to Xiangcaopo Mining Co., Ltd. ("**Xiangcaopo Mining**"), an independent third-party supplier of tungsten and tin ores. Mr. Li Jincheng, the sole owner of Xiangcaopo Mining, entered into an equity pledge agreement with the Group in June 2011, pursuant to which Mr. Li Jincheng pledged his entire equity interests in Xiangcaopo Mining to the Group as security for the future delivery of the ores.

22. PLEDGED DEPOSITS AND CASH AND BANK BALANCES

	2019 RMB'000	2018 RMB'000
Cash and bank balances	**4,759**	4,502
Less:		
Pledged deposits for environmental rehabilitation deposits	**(1,999)**	—
	2,760	4,502

At the end of the reporting period, the cash and bank balances of the Group were denominated in the following currencies:

	2019 RMB'000	2018 RMB'000
RMB	**3,025**	2,342
HK$	**825**	1,779
US$	**166**	135
MMK	**535**	44
SG$	**208**	202
	4,759	4,502

The RMB and MMK are not freely convertible into other currencies. Under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Under Myanmar's Foreign Exchange Regulation Act, the Group is permitted to exchange MMK for other currencies through banks authorised to conduct foreign exchange business.

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

23. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019 RMB'000	2018 RMB'000
Within 1 month	**2,100**	2,559
1 to 2 months	**1,117**	1,521
2 to 3 months	**1,881**	1,715
Over 3 months	**12,786**	6,791
	17,884	12,586

Trade payables are non-interest-bearing and are normally settled on terms of four months.

24. CONTRACT LIABILITIES

	31 December 2019 RMB'000	31 December 2018 RMB'000
Short-term advances received from customers		
Sales of goods	**9,483**	2,963
Trading activities	**1,403**	1,780
Others	**18**	217
Total contract liabilities	**10,904**	4,960

Contract liabilities include short-term advances received in relation to the delivery of lead-silver concentrates and zinc-silver concentrates and the rendering of processing services. The increase in contract liabilities in 2019 was mainly due to the increase in short-term advances received from customers in relation to the delivery of lead-silver concentrates and zinc-silver concentrates at the end of the year.

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

	2019 RMB'000	2018 RMB'000
At 1 January	**4,960**	442
Revenue recognised that was included in the contract liabilities at the beginning of the year	**(4,960)**	(442)
Increase due to cash received, excluding amounts recognised as revenue during the year	**10,904**	4,960
At 31 December	**10,904**	4,960

25. OTHER PAYABLES

	2019 RMB'000	2018 RMB'000
Current portion:		
Advance from individuals*	**26,535**	24,502
Payables relating to:		
Professional fees	**5,824**	3,637
Taxes other than income tax	**17,549**	104,488
Payroll and welfare	**12,434**	6,903
Mining resource compensation fees	**527**	18,370
Mining resource usage fees	**913**	916
Deposits received	**9,461**	6,534
Interest expenses payable	**—**	426
Property, plant and equipment	**40,347**	—
Others	**6,151**	3,702
	119,741	169,478
Non-current portion:		
Payables relating to:		
Exploration and evaluation assets	**2,986**	2,986
Property, plant and equipment	**748**	37,997
	3,734	40,983
	123,475	210,461

* The balances due to individual third parties as at 31 December 2019 and 31 December 2018 bear interest at a rate of 12% per annum.

26. INTEREST-BEARING BANK LOANS

	2019			2018		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Secured and guaranteed:						
Current	**4.81-5.30**	**2020**	**35,549**	5.70-6.15	2019	66,520
Non-current	**4.81-5.30**	**2021-2022**	**308,990**	5.70-6.15	2020	297,932
			344,539			364,452

All of the Group's bank loans are denominated in RMB.

As at 31 December 2019, the Group's bank loans are secured by:

(a) Mortgages over the following assets:

	Net book amount as at 31 December 2019 RMB'000
Property, plant and equipment (note 12(b))	**57,888**
Intangible assets (note 14)	**61,794**
Right-of-use assets:	
Prepaid land lease payments (note 16)	**10,403**

(b) Pledges of equity interests in the following subsidiaries of the Group:

(i) 99% of equity interest in Kunrun;
(ii) 90% of equity interest in Dakuangshan Company;
(iii) 90% of equity interest in Liziping Company; and
(iv) 90% of equity interest in Menghu Company.

In addition, the bank loans are guaranteed by Mr. Ran Xiaochuan and his spouse, Ms. Luo Chaohua for nil consideration. Mr. Ran Xiaochuan is the Company's former executive director. At the same time, the Company has given corporate guarantee to Ms. Luo Chaohua to counter guarantee her personal guarantee over the Group's bank loans. The corporate guarantee given by the Company will expire when Ms. Luo Chaohua ceases to be the guarantor.

27. PROVISION FOR REHABILITATION

	2019 RMB'000	2018 RMB'000
At beginning of year	**30,224**	26,952
Additions	**1,957**	1,625
Unwinding of a discount (note 6)	**2,058**	1,647
At end of year	**34,239**	30,224

28. SHARE CAPITAL

Shares

	2019 RMB'000	2018 RMB'000
Authorised:		
38,000,000,000 (2018: 38,000,000,000) ordinary shares of HK$0.00001 each	**342**	342
Issued and fully paid:		
3,579,777,000 (2018: 3,579,777,000) ordinary shares of HK$0.00001 each	**30**	30

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 89 of the financial statements.

(a) Share premium account

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

(b) Reserve funds

In accordance with the Company Law of the PRC and the respective articles of association of subsidiaries domiciled in Mainland China, each of the PRC subsidiaries is required to allocate 10% of its profit after tax, as determined in accordance with PRC Generally Accepted Accounting Principles ("**PRC GAAP**"), to the statutory surplus reserve (the "**SSR**") until such reserve reaches 50% of its registered capital.

As Dehong Yinbang and Yunnan Harbor Star are wholly-foreign-owned enterprises, allocation to the SSR is not required. According to the Rules for the Implementation of Foreign-funded Enterprise Law of the PRC and the articles of association of Dehong Yinbang and Yunnan Harbor Star, Dehong Yinbang and Yunnan Harbor Star are required to allocate 10% of their profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "**SRF**") until such reserve reaches 50% of their registered capital.

29. RESERVES (CONTINUED)

(b) Reserve funds (continued)

As Dehong Yinrun is a foreign investment enterprise, allocation to the SSR is not required. According to Dehong Yinrun's articles of association, Dehong Yinrun is required to allocate 10% of its profit after tax in accordance with PRC GAAP to the SRF.

The SSR and SRF are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations. They can be used to offset accumulated losses or capitalised as paid-up capital.

(c) Safety fund surplus reserve

Pursuant to the Notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC in February 2012, the Group is required to establish a safety fund surplus reserve based on the volume of mineral ore extracted. The safety fund surplus reserve can only be transferred to retained profits to offset safety related expenses as and when incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

(d) Capital contribution reserve

The Group recognised an expense of RMB233,000,000 for the year ended 31 December 2011 in relation to the awarded shares to Mr. Zhu Xiaolin, the former executive director and chief executive officer of the Company, with a corresponding amount credited to the capital contribution reserve.

During 2018, the non-controlling shareholder waived the amount due from the Group of RMB1,109,000, with a corresponding amount credited to the capital contribution reserve.

30. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2019 **RMB'000**	2018 RMB'000
Contracted, but not provided for:		
— Property, plant and equipment	**125**	1,697
— Acquisition of subsidiaries	**2,000**	4,000
	2,125	5,697

31. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liabilities.

32. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Bank loans RMB'000	Interest payable RMB'000	Amount due to a related party RMB'000	Lease liabilities RMB'000
At 1 January 2019	**364,452**	**426**	**—**	**—**
Effect of adoption of IFRS 16	**—**	**—**	**—**	**1,263**
At 1 January 2019 (restated)	**364,452**	**426**	**—**	**1,263**
Changes from financing cash flows	**(42,498)**	**—**	**30,000**	**(667)**
Attributable to the change of a subsidiary to an associate	**—**	**(426)**	**—**	**—**
New leases	**—**	**—**	**—**	**92**
Interest expense	**22,585**	**—**	**1,068**	**65**
At 31 December 2019	**344,539**	**—**	**31,068**	**753**
At 1 January 2018	448,990	1,387	—	—
Changes from financing cash flows	(84,538)	(20,424)	—	—
Non-cash changes:				
Interest expense	—	19,463	—	—
At 31 December 2018	364,452	426	—	—

33. RELATED PARTY TRANSACTIONS

(a) During the year, the Group obtained an interest-bearing loan from Shenzhen Blue Ocean Strategy Trading Co., Ltd., ("**Blue Ocean**"), a wholly-owned subsidiary of CITIC Dameng Holdings Limited, amounting to RMB30,000,000 (2018: Nil) with a term of one year and a fixed interest rate per annum of 8%. The outstanding balance due to Blue Ocean with an amount of RMB31,068,000 (2018: Nil) as at the end of the reporting period is repayable on demand.

(b) The Group had an outstanding balance due from its associate of RMB9,086,000 (2018: Nil) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

Details of Directors' and the chief executive's emoluments, which are also the emoluments of the Group's key management, are included in note 8 to the financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial assets at amortised cost 2019 RMB'000	Financial assets at amortised cost 2018 RMB'000
Trade receivables	**2,889**	3,536
Financial assets included in prepayments, deposits and other receivables	**1,614**	14,567
Cash and cash equivalents	**2,760**	4,502
Due from an associate	**9,086**	—
Pledged deposits	**1,999**	—
	18,348	22,605

Financial liabilities

	Financial liabilities at amortised cost 2019 RMB'000	Financial liabilities at amortised cost 2018 RMB'000
Trade payables	**17,884**	12,586
Due to a related party	**31,068**	—
Lease liabilities	**753**	—
Financial liabilities included in other payables	**92,052**	79,784
Interest-bearing bank loans	**344,539**	364,452
	486,296	456,822

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, amounts due to related parties and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, and trade and other payables, which arise directly from its operations.

Risk management is carried out by the finance department which is led by the Group's executive directors. The Group's finance department identifies and evaluates financial risks in close co-operation with the Group's operating units. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and interest rate risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. The board regularly reviews these risks and they are summarised below:

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

As disclosed in note 4, the Group sells its products to a small number of customers. The Group manages this risk by requiring payment in advance from customers and offering standardised credit terms to major customers for a credit period of one month. As disclosed in notes 20 and 21(b), the Group seeks to maintain strict control over its outstanding receivables and senior management regularly reviews the overdue balances.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	—	—	—	38,583	38,583
Financial assets included in prepayments, deposits and other receivables					
— Normal**	248	—	—	—	248
— Doubtful**	—	1,406	44,471	—	45,877
Due from an associate					
— Not yet past due	9,086	—	—	—	9,086
Pledged deposits					
— Not yet past due	1,999	—	—	—	1,999
Cash and cash equivalents					
— Not yet past due	2,760	—	—	—	2,760
	14,093	1,406	44,471	38,583	98,553

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	—	—	—	38,881	38,881
Financial assets included in prepayments, deposits and other receivables					
— Normal**	15,232	—	—	—	15,232
— Doubtful**	—	—	43,991	—	43,991
Cash and cash equivalents					
— Not yet past due	4,502	—	—	—	4,502
	19,734	—	43,991	38,881	102,606

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors its exposure to a shortage of funds by considering the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans and its own funding sources.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 December 2019				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to less than 5 years RMB'000	Total RMB'000
Other payables	**77,797**	**10,521**	**—**	**3,734**	**92,052**
Lease liabilities	**—**	**145**	**435**	**226**	**806**
Trade payables	**12,786**	**5,098**	**—**	**—**	**17,884**
Due to related parties	**31,567**	**—**	**—**	**—**	**31,567**
Interest-bearing bank loans	**—**	**8,155**	**42,859**	**333,247**	**384,261**
	122,150	**23,919**	**43,294**	**337,207**	**526,570**

	31 December 2018				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to less than 5 years RMB'000	Total RMB'000
Other payables	36,708	1,993	—	41,083	79,784
Trade payables	6,791	5,795	—	—	12,586
Interest-bearing bank loans	—	5,271	84,870	304,440	394,581
	43,499	13,059	84,870	345,523	486,951

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's bank deposits and interest-bearing bank loans. The interest rates and terms of repayment of interest-bearing borrowings are disclosed in note 26 to the financial statements. The Group manages its interest rate exposure arising from its interest-bearing bank loans through the use of fixed rates. The Group has not used any interest rate swaps to hedge against interest rate risk.

The Group does not consider it has any significant exposure to the risk of changes in market interest rates as the Group does not have any long-term receivables and loans which are subject to floating interest rates.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair values

Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values due to their short term to maturity, are as follows:

Financial assets and liabilities for which fair values are disclosed:

	Carrying amounts		Fair values	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Financial assets:				
Pledged deposits	**1,999**	—	**1,999**	—
Financial liabilities:				
Interest-bearing bank loans, non-current portion	**308,990**	297,932	**308,990**	297,932
Other payables, non-current portion	**3,734**	40,983	**3,554**	39,125
	312,724	338,915	**312,544**	337,057

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair values (continued)

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables and the current portion of financial liabilities included in other payables, and amounts due to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of the Group's pledged deposits, interest-bearing bank loans and other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank loans as at 31 December 2019 were assessed to be insignificant. The fair value of the non-current portion of other payables is estimated by discounting the expected future cash flows using an equivalent market interest rate for similar terms with consideration of the Group's own non-performance risk.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group will minimise the capital expenditure and renew or extend its short-term loans as part of capital management.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or raise new capital from its investors. No changes were made in the objectives, policies or processes for managing capital during the year.

36. EVENTS AFTER THE REPORTING PERIOD

(1) Pursuant to the resolution by the board of directors on 13 December 2019, the Company proposed a rights issue on the basis of one right share for every four existing shares at the subscription price of HK$0.055 per rights share, of which 894,944,250 rights shares had been allotted or subscribed through the underwriter up to 24 February 2020. The gross proceeds from the rights issue amounted to HK$49,222,000 (equivalent to approximately RMB44,365,000). Further information can be found in the Company's announcement dated 24 February 2020.

(2) The epidemic outbreak of COVID-19 in early 2020 temporarily causing disruptions to the Group's businesses and economic activities and the management of the Group has closely monitored its impact on the operations. Up to the date of this announcement, the Group has taken several measures to resume work and ensure safety of the Group's employees, and the operation in operating mines are gradually resuming. The Group expects that save and except for any extraordinary circumstance which are beyond the expectation of the management, following the gradual recovery of the Outbreak and the planned production expansion in second half of 2020, any reasonable adverse price fluctuation of the Group's major products as a result of the Outbreak will not significantly cause severe negative impact to the Group's cash flow. The management will continue to monitor and assess the ongoing development and respond accordingly.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**1,450,897**	1,429,095
CURRENT ASSETS		
Prepayments, deposits and other receivables	**69**	403
Cash and cash equivalents	**60**	415
Total current assets	**129**	818
CURRENT LIABILITIES		
Due to subsidiaries	**9,209**	9,081
Other payables and accruals	**5,374**	2,429
Total current liabilities	**14,583**	11,510
NET CURRENT LIABILITIES	**(14,454)**	(10,692)
NET ASSETS	**1,436,443**	1,418,403
EQUITY		
Issued capital	**30**	30
Reserves (note)	**1,436,413**	1,418,373
Total equity	**1,436,443**	1,418,403

Note:

The movements in the Company's reserves are as follows:

	Share premium account RMB'000	Capital contribution reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2018	1,504,337	233,000	(379,138)	1,358,199
Total comprehensive income for the year	—	—	60,174	60,174
At 31 December 2018 and 1 January 2019	1,504,337	233,000	(318,964)	1,418,373
Total comprehensive income for the year	—	—	18,040	18,040
At 31 December 2019	1,504,337	233,000	(300,924)	1,436,413

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 March 2020.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

Performance and results of the operations of the Company for previous years described within this report are historical in nature. Past performance is no guarantee of the future results of the Company. This report may contain forward-looking statements and opinions, and therefore risks and uncertainties are involved. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. None of the Company, the Directors, employees or agents assumes (a) any obligation to correct or update any forward looking statements or opinions contained in this report; and (b) any liability arising from any forward looking statements or opinions that do not materialise or prove to be incorrect.

"2019 AGM"	the annual general meeting of the Company held on 31 May 2019 10:30 am at The Function Room 3, 2/F, The Harbourview, 4 Harbour Road, Wanchai, Hong Kong
"2020 AGM"	the annual general meeting of the Company which is tentatively scheduled to be held on 8 May 2020 (Friday)
"Audit Committee"	the audit committee of the Board
"Aung Jiujia Mine"	an open pit and underground lead-sliver mine located at Depanbing Village, Ruian County, Shan State, Myanmar which is owned by Harbor Star
"Ag"	the chemical symbol for silver
"Articles of Association"	the articles of association of the Company, conditionally adopted on 24 November 2011 and as amended from time to time
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules, as amended from time to time
"China" or "PRC" or "Mainland China"	the People's Republic of China which, for the purpose of this annual report and unless the context suggests otherwise, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Company"	Greenway Mining Group Limited (信盛礦業集團有限公司), a limited liability company incorporated under the laws of the Cayman Islands on 30 November 2009
"Chinese Standard"	the PRC classification of solid mineral resources and reserves (中國固體礦產資源／儲備分類標準)
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
"Competent Person's Report"	the Competent Person's Report, dated 25 November 2011, prepared by Runge Asia Limited, trading as Minarco-MineConsult with respect to the independent technical review and assessment of the Shizishan Mine; under such report, Minarco reviewed the geological and exploration information, completed a mineral resource and ore reserve estimation in compliance with the recommendations of the JORC Code, and reviewed and commented on the appropriateness of the planned mining methods and mine design, potential production profiles, forecast operating and capital expenditure, short and long term development plans, and environmental and social setting, for the Shizishan Mine, which was disclosed as appendix V to the Prospectus

GLOSSARY

"Dakuangshan Company"	Mang City Xindi Mining Company Limited (芒市鑫地礦業有限責任公司), an indirect non-wholly owned subsidiary of the Company
"Dakuangshan Mine"	an underground lead-zinc-silver polymetallic mine located at Dehong Prefecture, Yunnan Province, China which is owned by Dakuangshan Company
"Dazhupeng Mine"	an underground lead-zinc-silver polymetallic mine located at Yingjiang County of Yunnan Province, China which is owned by Kunrun
"Director(s)"	director(s) of the Company
"g/t"	grams per tonne
"GPS JV Mine"	an underground lead-silver polymetallic mine located at Bawsaing Track, Kalaw Township, Southern Shan State, Myanmar which is owned by GPS Joint Venture Company Limited
"Harbor Star"	Harbor Star Mining Company Limited, an indirect wholly owned subsidiary of the Company
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange" or "HKSE"	The Stock Exchange of Hong Kong Limited
"IFRS"	International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board (the "**IASB**") and the International Accounting Standards (the "**IAS**") and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect
"JORC"	the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition), as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy and used to determine resources and reserves, as amended from time to time
"kg"	kilogram(s)

"km"	kilometre(s), a metric unit measure of distance
"kt"	thousand tonnes
"Kunrun"	Yingjiang County Kunrun Industry Company Limited (盈江縣昆潤實業有限公司), an indirect wholly owned subsidiary of the Company
"Listing"	the listing of our shares on the Hong Kong Stock Exchange
"Listing Date"	14 December 2011
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Liziping Company"	Nujiang Shengjia Chengxin Industrial Company Ltd. (怒江州聖佳誠信實業有限公司), an indirect non-wholly owned subsidiary of the Company
"Liziping Mine"	a lead-zinc-copper-silver polymetallic mine located at Lanping County of Yunnan Province, China which is owned by Liziping Company
"Lushan Mine"	a tungsten-tin polymetallic ore mine located in Yingjiang County, Yunnan Province, the PRC, owned by Xiangcaopo Mining, an independent third party
"Menghu Company"	Meng La Chen Feng Mining Development Company Limited (勐臘縣宸豐礦業開發有限公司), an indirect non-wholly owned subsidiary of the Company
"Menghu Mine"	an underground lead-zinc polymetallic mine located at Mengla County of Yunnan Province, China which is owned by Menghu Company
"mineral resource(s)" or "resource(s)"	a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction, as defined in the JORC Code. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into "inferred," "indicated," and "measured" categories
"MMK"	Kyats, the lawful currency of Myanmar
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

GLOSSARY

"ore reserve(s)" or "reserve(s)"	the economically mineable part of a measured and/or indicated mineral resource, as defined by the JORC Code. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore reserves are subdivided, in order of increasing geological confidence, into probable reserves and proved reserves
"Pb"	the chemical symbol for lead
"Prospectus"	the prospectus of the Company dated 2 December 2011 and issued in connection with the IPO
"RMB"	the lawful currency of the PRC
"SG$"	the lawful currency of Singapore
"Shareholder(s)"	shareholder(s) of the Company
"Shizishan Mine"	an underground lead-zinc-silver polymetallic mine located at Yingjiang County of Yunnan Province, China which is owned by Kunrun
"sq. km."	square kilometre
"t"	tonne
"the Group"	the Company and its subsidiaries
"tpd"	tonnes per day
"US$" or "USD"	United States dollar(s), the lawful currency of the United States
"Xiangcaopo Mining"	Yunnan Xiangcaopo Mining Co., Ltd, a limited liability company in the PRC, currently wholly owned by Li Jincheng, an independent third party
"Zn"	the chemical symbol for Zinc
"%"	per cent.

Note: The English names of the PRC entities mentioned hereabove are translated from their Chinese names. If there are any inconsistencies, the Chinese names shall prevail.