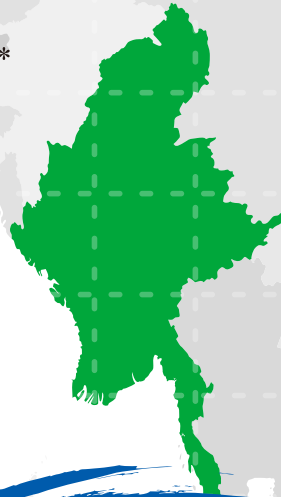


Greenway Mining Group Limited

信盛礦業集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2133



2019

INTERIM REPORT

* For identification purpose only

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CORPORATE INFORMATION

As at 24 July 2019

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

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

STOCK CODE

2133

WEBSITE ADDRESS

www.chinapolymetallic.com

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Since the beginning of 2019, the global trade barriers rose and trade tensions escalated with the intensification of Sino-US trade frictions, and the global supply chains were disrupted, which lead to the slowing down of economic growth in major economies and bring major challenges to the global economy. Under the situation that the global economic outlook was highly uncertain and the domestic demand recorded slowdown, China's domestic economy faced severe challenges. On the other hand, China continued to steadily promote the "One Belt, One Road" Initiative, and the construction of the China-Myanmar Economic Corridor and the China-ASEAN industrial cooperation were further strengthened during the Period. Benefiting from factors such as economic reforms and the influx of foreign capital, the economy of Myanmar, where our Group's major operating mines are located, maintained steady growth during the Period.

In the first half of 2019, the domestic demand for lead and zinc in China experienced a cyclical decline, and particularly the main business segment of the Group, the industry chain of lead faced major challenges. In respect of the supply side, as affected by factors such as increasingly stringent environmental regulations and continuously rising operating costs, large market players increased their production while weaker ones decreased their production and the stronger ones remained with the weaker ones being eliminated became an industry trend, and the degree of industry concentration was further strengthened. At the same time, the recycling and reuse of used batteries continued stable development, the output and proportion of recycled lead continued to increase. Therefore, the focus of certain portion of supply chain shifted from the supply of raw lead ores to the supply of refined lead.

In respect of the demand side, as affected by the supply side reform, the saturated market of household appliances, electric bicycles and automobile traditional industries, and the rapid replacement of lead storage batteries by new energy batteries such as lithium electronics in some areas, the downstream consumer market of lead, the Group's main product, sustained downturn. Despite the tightening of supply due to the habitual maintenance of most smelters during the first half of 2019 and reduced production of secondary lead as a result of sluggish market factors, the inventory level of the end users still remained at high level during most of time within the Period due to the general unsatisfactory performance of the lead-acid battery companies, thus the seasonal recovery in the lead market delayed and lead price remained weak. At the same time, the self-sufficiency rate of domestic lead mineral resources declined and the processing cost of lead concentrates increased significantly due to factors such as environmental protection and limited new mines, which brought further adverse negative effect to lead producers.

Accordingly, with the deepening of ecological protection and pollution prevention work and the continued stagnant downstream consumer market, the transformation and upgrading of the lead and zinc industry, the integrated development of informatization and industrialization will be more urgent, and green development will continue to be the main development direction of the industry.

BUSINESS OVERVIEW

Under the cyclical fluctuations of lead and zinc prices and weak markets, we, as an upstream mining company, continued to consolidate our mining businesses in China and Myanmar. During the Period, the major production and operation activities of the Group continued to focus on our three key mines, Aung Jiuja Mine and GPS JV Mine in Myanmar, and Dakuangshan Mine in the PRC, which provided important cash contribution to the Group. Shizishan Mine and Menghu Mine in the PRC continued stable operations. For Liziping Mine in the PRC, we have obtained its exploration permit and are processing to apply for the mining permit. For Dazhupeng Mine and Lushan Mine, we accelerated the renewal of exploration permits and conducted all necessary works in preparation of the application for mining permit.

OPERATING MINE IN MYANMAR — AUNG JIUJIA MINE

Mineral resources and reserves of Aung Jiuja Mine

Aung Jiuja 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 Jiuja Mine covers an area of approximately 0.2 sq. km. and we are now applying the exploration permit in the surrounding areas adjacent to our 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 Jiuja Mine as at 31 December 2018 and 30 June 2019 in accordance with the Chinese Standard is as follows:

	30 June 2019		31 December 2018	
	Metal Resources Lead (kt)	Grade Lead (%)	Metal Resources Lead (kt)	Grade Lead (%)
Measured	337.5	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	751.4	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 Jiuja Mine are based on the following assumptions:

- (1) The lead resources and grade for Aung Jiuja 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 Period. The period 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

Aung Jiuja Mine came into commercial production for both of its mining operation and processing operation since the second half of 2018.

The open pit mining operation of Aung Jiuja Mine remained normal operation. But due to the impact of certain intermittent faults at the underground body, the mining production of Aung Jiuja Mine was affected during the Period to a certain extent.

To ensure Aung Jiuja 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 advanced. We continued to implement a series of cost saving and efficiency enhancement initiatives at Aung Jiuja Mine during the Period which are expected to deliver economic benefits that will partly offset the impacts of escalating labour and energy costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Exploration, Development and Mining Activities of Aung Jiuja Mine

(I) Exploration activities

During the Period, we have been consistently conducting production exploration works through our mining operations within the area of mining rights and its adjacent areas of Aung Jiuja 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 Jiuja Mine during the Period.

(II) Development activities

During the Period, we continued to carry out the open pit mining construction project at Aung Jiuja 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 has been formed and under expansion progressively. 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 Jiuja Mine during the Period.

(III) Mining and processing activities

The following table summarises the mining and processing results of Aung Jiuja Mine during the Period and the corresponding period of 2018:

			For the six months ended 30 June	
	Items	Unit	2019	2018
ROM Ore	Mined	kt	77.2	67.1
	Processed	kt	84.1	66.5
Feed Grade	Lead	%	2.8	3.4
	Silver	g/t	5.0	4.9
Recovery	Lead	%	82.6	80.2
	Silver in lead concentrate	%	73.0	72.0
Concentrate Grade	Lead	%	57.1	59.1
	Silver in lead concentrate	g/t	90.0	86.5
Concentrate Tonnes	Lead-silver concentrate	t	3,409	3,068
Metal Contained in Concentrate	Lead	t	1,946	1,813
	Silver in lead concentrate	kg	307	235

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Exploration, Development and Mining Cost of Aung Jiuja Mine

Expenses of exploration, development and mining activities of Aung Jiuja Mine during the Period and the corresponding period of 2018 are set out below:

	For the six months ended 30 June	
	2019 RMB million	2018 RMB million
Exploration activities (Note (1))	—	—
Development activities		
Mining infrastructure	6.2	4.1
Processing plant and equipment	—	40.5
Subtotal	6.2	44.6
Mining activities		
Subcontracting fee	1.7	2.0
Administrative and other costs	0.3	3.3
Production taxes and royalties	0.4	0.9
Subtotal	2.4	6.2
Total	8.6	50.8

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 Period and the corresponding period of 2018.

(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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 in 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 2018 and 30 June 2019 in accordance with the Chinese Standard is as follows:

	30 June 2019		31 December 2018	
	Metal Resources Lead (kt)	Grade Lead (%)	Metal Resources Lead (kt)	Grade Lead (%)
Measured	62.1	4.10	62.8	4.10
Indicated	403.1	6.27	403.1	6.27
Inferred	1,487.0	7.78	1,487.0	7.78
Total	1,952.2	7.35	1,952.9	7.35

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 the mining operation during the Period. The period 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 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 lower mining production and relatively low grade of lead ores during the Period, the GPS JV Mine continued to provide its processing service for the lead ores of the surrounding regions with a higher grade and achieved considerable growth as compared with the corresponding period of 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Exploration, Development and Mining Activities of GPS JV Mine

(I) Exploration Activities

During the Period, 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 will continue 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 Period.

(II) Development Activities

During the Period, we continued the mining operations at Bamushan and Xiandao mining zones in the GPS JV Mine and commenced the mining operation at Jiabao mining zone, therefore the mining production scale has been expanded progressively at the relevant mining zones. In the meantime, 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 Period.

(III) Mining and processing activities

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

			For the six months ended 30 June	
	Items	Unit	2019	2018
ROM Ore	Mined	kt	18.0	9.2
	Processed	kt	16.8	29.7
Feed Grade	Lead	%	5.3	2.2
	Silver	g/t	14.6	25.0
Recovery	Lead	%	83.5	80.0
	Silver in lead concentrate	%	70.0	76.0
Concentrate Grade	Lead	%	48.2	57.9
	Silver in lead concentrate	g/t	111.1	625.0
Concentrate Tonnes	Lead-silver concentrate	t	1,545	903
Metal Contained in Concentrate	Lead	t	768	523
	Silver in lead concentrate	kg	174	564

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

MANAGEMENT DISCUSSION AND ANALYSIS

Exploration, Development and Mining Cost of GPS JV Mine

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

	For the six months ended 30 June	
	2019 RMB million	2018 RMB million
Exploration activities (Note (1))	—	—
Development activities		
Mining infrastructure	6.7	—
Subtotal	6.7	—
Mining activities		
Subcontracting fee	0.6	0.2
Maintenance and others	—	0.6
Administrative and other costs	0.2	0.3
Production taxes and royalties	0.4	0.3
Subtotal	1.2	1.4
Total	7.9	1.4

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 Period and the corresponding period of 2018.

(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 IN CHINA — DAKUANGSHAN MINE

Mineral resources and reserves of Dakuangshan Mine

Dakuangshan Mine is an underground lead-zinc-silver polymetallic mine located at Yingjiang County of Yunnan Province, the PRC, and approximately 100 km. away from the Shizishan Mine. The mining permit of the Dakuangshan Mine covers an area of 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 2018 and 30 June 2019 in accordance with the Chinese Standard is as follows:

	30 June 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	113.4	218.9	209.8	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 decreases of the lead, zinc and silver resources were due to our mining operation during the Period. The period 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 Period. 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 Period, we have not entered into any contracts or commitments in respect of exploration work or conducted any formal geological exploration work at Dakuangshan Mine.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Development Activities

During the Period, we have completed the underground production enhancement construction work in 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 Period.

(III) Mining and processing activities

The following table summarises the mining and processing results of Dakuangshan Mine during the Period and the corresponding period of 2018:

		For the six months ended 30 June		
	Items	Unit	2019	2018
ROM Ore	Mined	kt	20.5	31.7
	Processed	kt	21.4	26.6
Feed Grade	Lead	%	1.5	0.8
	Zinc	%	2.5	1.8
	Silver	g/t	15.0	11.7
Recovery	Lead	%	79.1	71.5
	Zinc	%	70.3	81.2
	Silver in lead concentrate	%	93.0	72.6
	Silver in zinc concentrate	%	—	3.3
Concentrate Grade	Lead	%	55.3	55.8
	Zinc	%	43.7	44.1
	Silver in lead concentrate	g/t	650.0	701.2
	Silver in zinc concentrate	g/t	—	40.4
Concentrate Tonnes	Lead-silver concentrate	t	459.5	274
	Zinc-silver concentrate	t	860.0	883
Metal Contained in Concentrate	Lead	t	254	153
	Zinc	t	376	389
	Silver in lead concentrate	kg	298	225
	Silver in zinc concentrate	kg	—	10

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

MANAGEMENT DISCUSSION AND ANALYSIS

Exploration, Development and Mining Cost of Dakuangshan Mine

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

	For the six months ended 30 June	
	2019 RMB million	2018 RMB million
Exploration activities	—	—
Development activities		
Mining infrastructure	2.3	1.3
Tailing storage facilities	—	0.1
Subtotal	2.3	1.4
Mining activities		
Subcontracting fee	1.3	2.2
Materials cost	—	0.2
Electricity and water	—	0.3
Maintenance and others	—	0.6
Administrative and other costs	0.2	0.3
Production taxes and royalties	1.7	1.6
Subtotal	3.2	5.2
Total	5.5	6.6

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. 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 in accordance with the JORC Code as at 31 December 2018 and 30 June 2019 is set out below:

JORC Mineral Resources as at 30 June 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	1,206,739	10.9	6.6	271.0	193,124	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	8,120,739	9.4	6.0	276.0	807,924	507,089	2,246

JORC Ore Reserves Estimates as at 30 June 2019

Class	Quantity (t)	Pb (%)	Zn (%)	Ag (g/t)	Pb metal (t)	Zn metal (t)	Ag metal (t)
Proved	1,086,739	10.0	6.1	251.0	160,725	84,489	446
Probable	5,713,000	9.0	5.9	250.0	514,500	336,900	1,400
Total	6,799,739	9.3	5.9	250.0	675,225	421,389	1,846

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 decreases of the lead, zinc and silver resources were due to our mining operation during the Period. The period 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 Period, 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, shifted its operational strategy during the Period by concentrating on provision of processing services for the minerals ores of the surrounding mines, thereby achieving a better result as compared with the corresponding period of 2018.

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 Period, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Period. As at 30 June 2019, the tunnel construction works amounted to 1,052 meters in length and the construction works amounted to 6,314 m³.

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

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.

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 Period.

(III) Mining and processing activities

The following table summarises the mining and processing results of Shizishan Mine during the Period and the corresponding period of 2018:

	Items	Unit	For the six months ended 30 June	
			2019	2018
ROM Ore	Processed	kt	4.6	13.4
Feed Grade	Lead	%	3.9	3.3
	Zinc	%	4.4	7.7
	Silver	g/t	100.0	44.2
Recovery	Lead	%	80.0	86.9
	Zinc	%	85.0	81.0
	Silver in lead concentrate	%	65.0	55.2
	Silver in zinc concentrate	%	5.0	14.6
Concentrate Grade	Lead	%	55.5	55.9
	Zinc	%	46.3	45.3
	Silver in lead concentrate	g/t	1,164.8	482.9
	Silver in zinc concentrate	g/t	61.2	46.9
Concentrate Tonnes	Lead-silver concentrate	t	255	687
	Zinc-silver concentrate	t	372	1,845
Metal Contained in Concentrate	Lead	t	142	384
	Zinc	t	172	836
	Silver in lead concentrate	kg	297	327
	Silver in zinc concentrate	kg	23	87

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

MANAGEMENT DISCUSSION AND ANALYSIS

Exploration, Development and Mining Cost of Shizishan Mine

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

	For the six months ended 30 June	
	2019 RMB million	2018 RMB million
Exploration activities	—	—
Development activities		
Tailing storage facilities	0.4	0.1
Subtotal	0.4	0.1
Mining activities	—	—
Total	0.4	0.1

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 0.4 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 2018 and 30 June 2019 in accordance with the Chinese Standard in the aforesaid report is set out as follows:

	30 June 2019				31 December 2018			
	Metal Resources		Metal Resources		Metal Resources		Metal Resources	
	Lead (kt)	Grade (%)	Zinc (kt)	Grade (%)	Lead (kt)	Grade (%)	Zinc (kt)	Grade (%)
Indicated + inferred	31.3	13.8	18.0	7.8	31.7	13.8	18.2	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 decreases of the lead and zinc resources were due to our mining operation during the Period. The period 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 Period, under the subcontracting arrangement, the Group continued to provide its continuous necessary supervision and guidance to the sub-contractor(s) for the operation of Menghu Mine periodically. As compared with the corresponding period of 2018, the output and grades of the Menghu Mine have improved and become more stable, providing 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 expenses in the construction of the Menghu Mine are reduced and the Group has achieved a stable and predictable economic return.

MANAGEMENT DISCUSSION AND ANALYSIS

Exploration, Development and Mining Activities of Menghu Mine

(I) Exploration Activities

During the Period, 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 Period, 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 Period.

(III) Mining and processing activities

The following table summarises the mining results of Menghu Mine during the Period and the corresponding period of 2018:

		For the six months ended 30 June		
	Items	Unit	2019	2018
ROM Ore	Mined	kt	2.6	0.8
Grade	Lead	%	16.6	30.0
	Zinc	%	7.0	8.5

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 Period (1H 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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 13.87 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 2018 and 30 June 2019 in accordance with the Chinese Standard in the aforesaid report is as follows:

30 June 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	0.84	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 Period, we have obtained the exploration permit for the 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 Period.

No material capital expenditures were incurred for Liziping Mine during the Period (1H 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.

During the Period, we have submitted the application for renewal of the exploration permit for Dazhupeng Mine and now is pending the final approval from the Department of Land and Resources of Yunnan Province, the PRC.

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

No material capital expenditures were incurred for Dazhupeng Mine during the Period (1H 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 Period, 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 Period.

No material capital expenditures were incurred for Lushan Mine during the Period (1H 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MINERAL ORES TRADING

During the Period, the Group continued to conduct the mineral ores trading business, 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. Given the rapid growth of its business in Myanmar, the Group will continuously 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 Period, the Group's revenue was RMB81.4 million (1H 2018 : RMB103.2 million). As compared to 1H 2018, revenue decreased by RMB21.8 million, which was primarily due to decrease in average selling price of lead-silver and zinc-silver concentrates.

During the Period, the revenue of sales of self-produced products accounted for 52.3% (1H 2018: 39.3%) 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 (%)
For the six months ended							
30 June 2019							
Lead-silver concentrates	5,828	6.2	36,222	4.1	23,881	12,341	34
Zinc-silver concentrates	1,045	5.0	5,258	5.6	5,831	(573)	(11)
Raw ores	1,750	0.6	1,121	0.1	135	986	88
Total			42,601			12,754	
For the six months ended							
30 June 2018							
Lead-silver concentrates	3,845	8.9	34,411	4.9	19,070	15,341	45
Zinc-silver concentrates	1,002	6.1	6,146	7.0	7,047	(901)	(15)
Raw ores	—	—	—	—	—	—	—
Total			40,557			14,440	

Sales of self-produced products remains the major income of the Group, its segment revenue increased by 5% to RMB42.6 million (1H 2018: RMB40.6 million) which was primarily attributable to the gradual commercial operation of Aung Jiujiu Mine and gradual increase in the production of GPS JV Mine since the second half of 2018, therefore the total revenue of the sales of self-produced products recorded a slight increase as compared with the corresponding period of 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

The unit cost of lead-silver concentrates decreased by 16.7% to RMB4,098/tonne during the Period (1H 2018: RMB4,922/tonne), which was mainly attributable to the decrease in depreciation and amortisation of fixed assets and intangible assets relating to mining and processing activities as a result of the increase in our scale of operation.

The unit cost of zinc-silver concentrates decreased by 20.7% to RMB5,580/tonne during the Period (1H 2018: RMB7,036/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 RMB12.8 million (1H 2018: RMB14.4 million), represented a decrease of 11.7%.

Processing service segment

Revenue of processing service segment decreased by 35.3% to RMB0.8 million (1H 2018: RMB1.3 million), which was primarily due to the decrease of ores supplied by the surrounding miners to Shizishan Mine resulting from the intermittent suspension ordered by the local government.

Trading business segment

	Revenue (RMB'000)	Cost of Sales (RMB'000)	Gross Profit (RMB'000)	Gross Profit Margin (%)
For the six months ended 30 June 2019				
Trade	37,205	36,834	371	1.0
For the six months ended 30 June 2018				
Trade	61,019	60,736	283	0.5

Revenue of trading business segment decreased by 39.0% to RMB37.2 million (1H 2018: RMB61.0 million) which was primarily due to sluggish lead and zinc markets and the decrease in demand of lead and zinc products. The gross profit contribution and gross profit margin from trading business improved as the Group conducted trading with selected customers for lead-silver and zinc-silver products which are more profitable.

Subcontracting income segment

Revenue from subcontracting income increased by 100.2% to RMB0.8 million (1H 2018: RMB0.4 million), which was mainly due to the increase in the contract period of subcontracting of the Menghu Mine as compared with the corresponding period of 2018.

Cost of sales

During the Period, the cost of sales was RMB67.3 million (1H 2018: RMB86.9 million), decreased by RMB19.6 million or 22.6%, which was primarily due to the decrease in the scale of trading business segment.

Gross profit and gross profit ratio

During the Period 2019, the Group recorded a gross profit of RMB14.1 million (1H 2018: RMB16.4 million) and the gross profit ratio was 17.3% (1H 2018: 15.8%). The increase in overall gross profit margin was primarily due to the decrease in the scale of trading business segment, which has a relatively lower gross profit margin.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income and gains

During the Period, the other income and gains were RMB1.3 million (1H 2018: RMB5.9 million), which was primarily comprising rental income, government grant related to expenses and reversal of provision for impairment loss of other receivables.

Administrative expenses

During the Period, the administrative expenses increased to RMB12.6 million (1H 2018: RMB10.7 million), primarily due to the increase of the depreciation of fixed assets as the result of plant suspension during the Period.

Finance costs

During the Period, the finance costs decreased to RMB12.4 million (1H 2018: RMB13.4 million), primarily due to our repayment of certain principals of the bank loans upon renewal of the bank loans with Ping An Bank with longer maturity date(s) during the second half year of 2018, resulting in decrease of the overall interest expenses during the Period.

Income tax expense

During the Period, the income tax expense decreased by RMB0.5 million to RMB2.8 million (1H 2018: RMB3.3 million), as some of the companies, which previously recorded profit in the corresponding period in 2018, did not record profit during the Period.

Interim dividend

At a meeting of the Board held on 19 July 2019, the Board resolved not to declare any interim dividend during the Period to the Company's shareholders (1H 2018: Nil).

Net cash flow generated from operating activities

During the Period, the net cash flow generated from operating activities increased significantly to RMB22.3 million, primarily driven by the increase in the sales of self-produced products as a result of the increase in our scale of operation in Aung Jiujiu Mine and GPS JV Mine. The RMB13.1 million loss was adjusted by (i) the bank interest income and unrealised foreign exchange gains of RMB0.2 million; (ii) the reversal of loss allowance on other receivables of RMB0.7 million; (iii) an increase in trade receivables and inventories of RMB4.2 million; and (iv) a decrease in trade payables of RMB4.4 million, which was partially offset by (i) interest expenses from bank and other loans of RMB12.4 million; (ii) non-cash expenses, including, depreciation, amortization of RMB20.8 million; (iii) an increase in other payables and accruals and contract liabilities totaling RMB7.3 million; and (iv) a decrease in prepayments, deposits and other receivables of RMB4.4 million.

Net cash flow used in investing activities

The net cash flow used in investing activities was approximately RMB8.7 million, which was due to repayment of loan principals and interests from third parties of RMB13.3 million, which was offset by (i) the purchase of items of property, plant and equipment of RMB21.9 million; and (ii) expenditures on exploration and evaluation totalling RMB0.1 million.

Net cash flow used in financing activities

The net cash flow used in financing activities was approximately RMB9.3 million, which was due to (i) the payment of interests of bank loans with Ping An Bank of RMB8.9 million; and (ii) the payment of lease principals and interests of RMB0.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash and bank balances

As at 30 June 2019, the cash and bank balances of the Group were denominated in the following currencies:

	30 June 2019 RMB'000	31 December 2018 RMB'000
RMB	6,996	2,342
HK\$	1,588	1,779
US\$	162	135
MMK	54	44
SG\$	203	202
	9,003	4,502

Borrowings

As at 30 June 2019, the Group's borrowing structure and maturity profile are as follows:

	30 June 2019			31 December 2018		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<i>Secured and guaranteed:</i>						
Current	6.06-6.63	on or before 2020	366,839	5.70-6.15	2019	66,520
Non-current	—	—	—	5.70-6.15	2020	297,932
			366,839			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.

Charge on assets

As at 30 June 2019, the bank loans of the Group were secured by (i) the property, plant, equipment of RMB60.1 million; (ii) mining rights of RMB61.8 million; (iii) prepaid land lease payments of RMB10.3 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 (viii) Mr. Ran Xiaochuan, the Company's former executive director.

MANAGEMENT DISCUSSION AND ANALYSIS

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 bank balances, 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 2018 and 30 June 2019, the Group's net gearing ratio was as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Interest-bearing bank loans	366,839	364,452
Less: cash and cash equivalents	(9,003)	(4,502)
Net debt	357,836	359,950
Total equity	1,815,684	1,845,966
Net gearing ratio	19.7%	19.5%

Net current liabilities

The Group's net current liabilities as at 30 June 2019 increased to RMB398.9 million as compared to the net current liabilities of RMB275.1 million as at 31 December 2018, primarily due to (i) loans of RMB300.3 million were restructured to shorter maturity date(s) caused the increase in short-term interest-bearing bank loans; (ii) the increase in contract liabilities and lease liabilities of RMB2.2 million; (iii) the decrease in inventories, prepayments, deposits and other receivables of RMB31.9 million. The increase in net current liabilities were offset by (i) the increase in trade receivables and cash and cash equivalents of RMB7.4 million; (ii) the decrease in trade payables, other payables and accruals and tax payables totaling RMB203.2 million.

Going concern basis

During the six months ended 30 June 2019, the Group incurred a consolidated net loss of RMB15.9 million (six months ended 30 June 2018: RMB9.6 million) and had net cash flows generating from operating activities of RMB22.3 million (six months ended 30 June 2018: generated from operating activity RMB8.1 million). As at 30 June 2019, the Group had net current liabilities of RMB398.9 million (31 December 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) As at 30 June 2019, the Group's total bank loans amounted to RMB366,839,000 which will be due on or before April 2020. 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 six months ended 30 June 2019. Meanwhile, the Group is actively exploring the availability of alternative sources of financing.

MANAGEMENT DISCUSSION AND ANALYSIS

- (b) The Group has budgeted and laid out its business plan for the next twelve months, and seeks to attain profits and general positive cash flows from the expansion the operation at Aung Jiuja Mine and GPS JV Mine in Myanmar.

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. At the same time, through the operation of the Group's mines in Myanmar, the Group seeks to secure quality resources of non-ferrous metals to enhance the Group's operation and financial performance.

- (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 the daily operating expenses.
- (d) The Group is actively following up with its debtors on outstanding receivables with the aim of agreeing a repayment schedule with each of them.

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 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 six months ended 30 June 2019 on a going concern basis.

Contingent liabilities

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

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 26 June 2019, Kunrun Gongmao was derecognised as a subsidiary of the Company and excluded from the scope of the consolidation.

Capital expenditure

During the Period, the aggregated amount of the capital expenditure of the Group was RMB15.6 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 Jiuja Mine, GPS JV Mine and Dakuangshan Mine.

Contract liabilities

As at 30 June 2019, the Group's contract liabilities amounted to approximately RMB6.7 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 Period.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Period.

(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 30 June 2019.

(b) Foreign exchange risk

The Group's operations are primarily in the PRC and Myanmar. 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 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.

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.

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 Period, the largest customer of the Group was Yongxing Xinyi Mineral Products Trading Co. Ltd (永興欣怡礦產品貿易有限公司). During the Period, 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.

CHANGE OF COMPANY NAME AND STOCK SHORT NAME

Following the passing of a special resolution approving the change of company name by the Shareholders at the 2019 AGM held on 31 May 2019, the Registrar of Companies in the Cayman Islands has approved the registration of the new name of the Company and issued the Certificate of Incorporation on change of name on 5 June 2019, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was also issued by the Registrar of Companies in Hong Kong on 27 June 2019. Hence, the English name of the Company has been changed from "China Polymetallic Mining Limited" to "Greenway Mining Group Limited" and the Chinese name "信盛礦業集團有限公司" has been adopted for identification purpose only in place of its former Chinese name "中國多金屬礦業有限公司" with effect from 5 June 2019.

In connection with the change of company name, the stock short name for trading in the shares on the Hong Kong Stock Exchange has been changed from "CH POLYMETAL" to "GREENWAY MINING" in English and from "中國多金屬" to "信盛礦業" in Chinese, with effect from 9:00 a.m. on 9 July 2019. The stock code of the Company on the Hong Kong Stock Exchange remains unchanged as "2133".

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2019, the Group had a total of 224 full-time employees (30 June 2018: 214 employees) in the PRC, Myanmar and Hong Kong, including 86 management and administrative staff, 108 production staff and 30 operations support staff. During the Period, staff costs (including Directors' remuneration in the form of salaries and other benefits) were approximately RMB8 million (1H 2018: RMB8 million), which represents no material change compared to the corresponding period of 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. Further details of our employee and remuneration policy, please see section headed "Operation System and Staff Training" of the Environmental, Social and Governance Report.

OCCUPATIONAL HEALTH AND SAFETY

During the Period, 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 Period. Further details of our occupational health and safety policy, please see section headed "Safety Production and Labour Protection" of the Environmental, Social and Governance Report.

ENVIRONMENTAL PROTECTION AND LAND REHABILITATION

No environmental claims, lawsuits, penalties or administrative sanctions were reported to management during the Period. 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 Period and as at the date of this report. 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 30 June 2019, the Group has accrued a provision of RMB1.9 million, RMB5.9 million, RMB0.8million, RMB21.9 million and RMB0.9 million for the rehabilitation of the Aung Jiuja Mine, the GPS JV Mine, the Dakuangshan Mine, the Shizishan Mine and the Menghu Mine, respectively. Further details of our environmental protection policy, please see section headed “Energy Saving & Environment Protection” of the Environmental, Social and Governance Report.

STRATEGY AND OUTLOOK

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, 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 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;
4. 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;
5. We will continue to strengthen and enhance the management and control on the health, safety and environmental systems of the mines of the Group.

By Order of the Board

Greenway Mining Group Limited

Yin Bo

Chairman

Hong Kong, 19 July 2019

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

As at 30 June 2019, so far as is known to any Directors, none of the Directors or chief executives 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.

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.

During the Period and up to the date of this interim 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 30 June 2019 and up to the date of this interim report.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

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

As at 30 June 2019, the following persons (other than the Directors and chief executives of the Company) had or were deemed 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 Shares of the Company.

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of shareholding %
CITIC Dameng Investments Limited (note 2)	Beneficial owner	1,073,531,131(L)	29.99
CITIC Dameng Holdings Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
Apexhill Investments Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
CITIC Metal Group Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
Metal and Mining Link Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
Highkeen Resources Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
Group Smart Resources Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
Starbest Venture Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
CITIC Resources Holdings Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of shareholding %
Keentech Group Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,133(L)	29.99
CITIC Projects Management (HK) Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
CITIC Corporation Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
CITIC Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
CITIC Glory Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
CITIC Polaris Limited (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
CITIC Group Corporation (note 2)	Interest of corporation controlled by the substantial shareholder	1,073,531,131(L)	29.99
Shi Xiaozhou	Beneficial owner	453,690,996(L)	12.67

Notes:

- The letter "L" denotes the person's long position in such shares.
- 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 ("**CITIC Metal**", 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 ("**Group Smart**", 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 32.53% by CITIC Polaris Limited and as to 25.60% by CITIC Glory 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.

Save as disclosed above, as at 30 June 2019, the Directors have not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

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

Throughout the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed, with no disagreement, the unaudited interim results for the six months ended 30 June 2019 with the management of the Company.

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 confirm that the Company had maintained a sufficient public float as required under the Listing Rules throughout the Period.

CORPORATE GOVERNANCE PRACTICE

The Board believes that good corporate governance is fundamental to ensure 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 Period, the Company has complied with all of the applicable code provisions as set out in the CG Code.

The Board and Chief Executive Officer

The Board is currently composed of one executive Director, three non-executive Directors and three independent non-executive Directors. The Board is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group.

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.

Change in information of the Board pursuant to Rule 13.51B (1) of the Listing Rules

Since the date of the 2018 annual report and up to the date of this interim report, there was no change to the Directors' information as required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

Board Committees

The Board has established the following committees with defined terms of reference, which are on terms no less exacting than those set out in the CG Code, if any:

- Audit Committee
- Safety, Health and Environment Committee
- Strategy Committee
- Nomination and Remuneration Committee

Audit Committee

The Audit Committee has endeavored to ensure a balanced, clear and understandable assessment of the Company's position and prospects in the annual reports, interim reports, announcements and other disclosures required under the Listing Rules and other statutory requirements.

During the Period and up to the date of this interim report, the Audit Committee has held four meetings and performed the following activities:

- reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2018;
- reviewed the major internal audit issues, financial reporting system, internal control procedures and risk management system of the Company;
- reviewed the major audit findings in respect of the financial year ended 31 December 2018 from the external auditors;
- reviewed the 2019 audit fee proposal; and
- reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2019 and discussed matters relating to auditing, internal controls and financial reporting.

As at the date of this interim report, the Audit Committee comprises Mr. Ma Shirong as its Chairman, and Mr. Chan Suk Ching and Mr. Dong Tao as its members.

Safety, Health and Environment Committee

During the Period and up to the date of this interim report, the Safety, Health and Environment Committee has held one meeting to review the occupational safety, health and environmental matters of the employees of the Company. The Safety, Health and Environment Committee considers that the Company has complied with all applicable occupational health and safety statutory and regulatory requirements in all material respects throughout the Period and up to the date of this interim report.

As at the date of this interim report, the Safety, Health and Environment Committee comprises Mr. Lei Dejun as its Chairman, and Mr. Chi Hongji and Mr. Zhang Yonghua as its members.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

Strategy Committee

During the Period and up to the date of this interim report, the Strategy Committee has held one meeting to review and approve the strategic objectives of the Company, review the short term and long term strategies of the Group and discuss prospective acquisition of assets.

As at the date of this interim report, the Strategy Committee comprises Mr. Lei Dejun as its Chairman, and Mr. Yin Bo, Mr. Chan Suk Ching and Mr. Zhang Yonghua as its members.

Nomination and Remuneration Committee

During the Period and up to the date of this interim report, the Nomination and Remuneration Committee has held one meeting to review the remuneration of the senior management, review the performance of individual executive Director and review the independence of independent non-executive Directors.

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 takes 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.

As at the date of this interim report, the Nomination and Remuneration Committee comprises Mr. Chi Hongji as its Chairman, and Mr. Ma Shirong, Mr. Yin Bo and Mr. Dong Tao as its members.

Risk Management and Internal Control

The Board is responsible for maintaining a sound and effective system of risk management and internal controls and reviewing its effectiveness. Such system is designed to manage the risk of failure to achieve corporate objectives and to provide reasonable but not absolute assurance against material misstatement, loss or fraud.

During the Period, the Group’s internal audit team has reviewed the internal controls of the Group.

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 of all Directors, the Company confirmed that all members of the Board complied with the Model Code throughout the Period.

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 be in possession of 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 Period.

On behalf of the Board

Lei Dejun

Executive Director

Hong Kong, 19 July 2019

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 Period 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.

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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.

Basis of preparation

The data in this report, unless otherwise stated, 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key performance indicators statistics

Main Focus	Major Index for Performance	For the six months ended 30 June		
		2017	2018	2019
Safe Production & Labour Protection	Fatalities	0	0	0
	Injured	0	0	0
	Safety Management Expenses (ten thousand yuan)	110	110	128
Energy Saving and Environmental Protection	Electricity Consumption (MWh)	7,427	6,014	5,924
	Electricity Intensity (kWh/t) (Note (1))			
	Mining	N/A	N/A	13
	Concentrating	N/A	N/A	48
	Water Consumption (t)	263,245	294,020	227,106
	Water Intensity (m ³ /t) (Note (2))			
	Mining	N/A	N/A	0.20
	Concentrating	N/A	N/A	1.70
	Greenhouse Gas Emission (t)	15	14	14
	Waste Water Emission(t)	15,227	23,634	28,408
	Volume of Mining Waste (t)	340,215	266,760	265,300
	Volume of Packaging Materials (t)	1.9	6.7	6.8
	Operation System and Staff Training	Number of Suppliers	22	12
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))		1,274	214	224
Ratio of Females (%)		10.91	21.96	18.75
Average Hours of Employees Receiving Training (Hour)		32	24	20
Social Contribution				
Donation (RMB)		0	210,000	110,753

Note:

- (1) The figures include the consolidated average electricity usage (kWh) per tonnes for our mining and processing by Aung Jiuji Mine, Shizishan Mine, Dakuangshan Mine and GPS JV Mine during the Period. But no such figures were collected for the six months ended 30 June 2017 and 30 June 2018.
- (2) The figures include the consolidated average water usage (m³) per tonnes for our mining and processing by Aung Jiuji Mine, Shizishan Mine, Dakuangshan Mine and GPS JV Mine during the Period. But no such figures were collected for the six months ended 30 June 2017 and 30 June 2018.
- (3) For the six months ended 30 June 2017, all employees including employees recruited by our sub-contractors are counted while for the six months ended 30 June 2018 and the Period, 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 Period, 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 Period, 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 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 recorded 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 operations 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 during the Period:

	For the six months ended 30 June		
	2017	2018	2019
Number of Fatalities	0	0	0
Injured	0	0	0

Compliance with Safety Production Rules and Regulations

During the Period, 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 Period.

(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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We continue to strictly monitor our resources consumption on an ongoing basis and 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 Jiuja Mine, Shizishan Mine, Dakuangshan Mine and GPS JV Mine during the Period:

	For the six months ended 30 June		
	2017	2018	2019
Electricity Consumption (MWh)	7,427	6,014	5,924
Electricity Intensity (kWh per tonne)			
Mining	N/A	N/A	13
Concentrating	N/A	N/A	48
Water Consumption (t)	263,245	294,020	227,106
Water Intensity (m ³ per tonne)			
Mining	N/A	N/A	0.20
Concentrating	N/A	N/A	1.70

During the Period, our electricity and water consumption decreased which was mainly due to our continuous efforts in enhancing our production operational efficiency.

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 waste 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.

(i) Greenhouse Gas Emissions

Our greenhouse gas emissions are produced during our upstream mining operation and downstream floating process production. During the Period, our greenhouse gas emissions remained stable. We improved the production technology, reduced energy consumption and continuously and regularly detect greenhouse gas emissions in our mines, 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. Set out below is a summary of our greenhouse gas emissions during the Period:

	For the six months ended 30 June		
	2017	2018	2019
Greenhouse Gas Emissions (t)	15	14	14

(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 Period:

	For the six months ended 30 June		
	2017	2018	2019
Waste Water Emission(t)	15,227	23,634	28,408

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(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 Period are set out as follows:

	For the six months ended 30 June		
	2017	2018	2019
Mining Waste (t)	340,215	266,760	265,300

(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 Period are set out as follows:

	For the six months ended 30 June		
	2017	2018	2019
Packaging Materials (t)	1.9	6.7	6.8

Compared with the six months ended 30 June 2018, our lead concentrate production has increased during the Period, therefore the consumption for packaging materials has also increased accordingly.

We will continue to monitor the environmental effect in respect of our production, continuing 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, 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.

Notwithstanding that, during the Period, 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 the 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 technology innovation 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, production capacity, etc. During the Period, the number of our suppliers remained stable. Details of the number of our suppliers are set out as follows:

	For the six months ended 30 June		
	2017	2018	2019
Number of our suppliers	22	12	13

(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 our products strictly meet 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 Period.

We continued to provide our clients with 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 Period, the complaints and/or recalls we received in respect of our products are as follows:

	For the six months ended 30 June		
	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 of the 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 Period, we have not received any complaints or any legal cases regarding corruption, details are set out as follows:

	For the six months ended 30 June		
	2017	2018	2019
Number of Complaints and/or Legal Cases regarding Corrupt Practices	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 Period, 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 Period, 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 Period.

(ii) **Staff Training**

During the Period, 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 in strict accordance with relevant regulations, received professional training; 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 the Company 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 iron pipes and solar power generation equipments to the surrounding villagers;
 - (b) We constructed sand and stone pavement works for the villagers and built standardized public toilets.
- (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 surrounding work teachers.
- (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 spent money into the community where our businesses are situated. During the Period, our cash donations to local communities reached RMB110,753. Details are as follows:

	For the six months ended 30 June		
	2017	2018	2019
Donation (RMB)	0	210,000	110,753

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
REVENUE	3	81,434	103,244
Cost of sales		(67,349)	(86,887)
Gross profit		14,085	16,357
Other income and gains	4	1,341	5,873
Selling and distribution expenses		(2,724)	(1,573)
Administrative expenses		(12,591)	(10,739)
Other expenses		(760)	(2,851)
Finance costs	5	(12,416)	(13,394)
LOSS BEFORE TAX	5	(13,065)	(6,327)
Income tax expense	6	(2,839)	(3,313)
LOSS FOR THE PERIOD		(15,904)	(9,640)
OTHER COMPREHENSIVE INCOME/(LOSS):			
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Exchange differences on translation of foreign operations		2,622	(196)
Total comprehensive loss for the period		(13,282)	(9,836)
Loss attributable to:			
Owners of the Company		(13,789)	(6,091)
Non-controlling interests		(2,115)	(3,549)
		(15,904)	(9,640)
Total comprehensive loss attributable to:			
Owners of the Company		(11,328)	(6,287)
Non-controlling interests		(1,954)	(3,549)
		(13,282)	(9,836)
Loss per share attributable to ordinary equity holders of the Company:			
— Basic and diluted	7	RMB(0.004)	RMB(0.002)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	788,045	809,901
Right-of-use assets	8	958	—
Investment properties	9	6,948	7,239
Intangible assets	8	987,886	992,162
Investment in an associate	10	18,855	—
Prepaid land lease payments	8	10,268	10,403
Payments in advance	11	218,775	414,188
Prepayments and deposits	11	216,588	216,919
Deferred tax assets		58,797	61,636
Total non-current assets		2,307,120	2,512,448
CURRENT ASSETS			
Inventories		20,776	35,979
Trade receivables	12	6,445	3,536
Prepayments, deposits and other receivables	11	13,102	29,758
Cash and cash equivalents		9,003	4,502
Total current assets		49,326	73,775
CURRENT LIABILITIES			
Trade payables	13	8,200	12,586
Contract liabilities		6,692	4,960
Other payables and accruals		60,695	169,478
Tax payable		5,348	95,341
Lease liabilities	15	475	—
Interest-bearing bank loans	14	366,839	66,520
Total current liabilities		448,249	348,885
NET CURRENT LIABILITIES		(398,923)	(275,110)
Total assets less current liabilities		1,908,197	2,237,338
NON-CURRENT LIABILITIES			
Other payables		38,407	40,983
Lease liabilities	15	415	—
Interest-bearing bank loans	14	—	297,932
Provision for rehabilitation		31,458	30,224
Deferred tax liabilities		22,233	22,233
Total non-current liabilities		92,513	391,372
Net assets		1,815,684	1,845,966
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	30	30
Reserves		1,596,605	1,609,369
		1,596,635	1,609,399
Non-controlling interests		219,049	236,567
Total equity		1,815,684	1,845,966

Lei Dejun
Director

Chan Suk Ching
Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company										
	Issued capital	Share premium account	Exchange fluctuation reserve	Reserve funds	Safety fund surplus reserve	Capital contribution reserve	Difference arising from changes in non-controlling interests	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	30	1,504,337*	(3,028)*	29,115*	8,974*	234,109*	1,145*	(165,283)*	1,609,399	236,567	1,845,966
Loss for the period	-	-	-	-	-	-	-	(13,789)	(13,789)	(2,115)	(15,904)
Other comprehensive income for the period											
Exchange differences related to foreign operations	-	-	2,461	-	-	-	-	-	2,461	161	2,622
Total comprehensive loss for the period	-	-	2,461	-	-	-	-	(13,789)	(11,328)	(1,954)	(13,282)
Acquisition of non-controlling interests (note 11 (d))	-	-	-	-	-	-	(1,436)	-	(1,436)	(15,564)	(17,000)
Establishment for safety fund surplus reserve	-	-	-	-	205	-	-	(205)	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	(250)	-	-	250	-	-	-
At 30 June 2019 (unaudited)	30	1,504,337*	(567)*	29,115*	8,929*	234,109*	(291)*	(179,027)*	1,596,635	219,049	1,815,684

	Attributable to owners of the Company										
	Issued capital	Share premium account	Exchange fluctuation reserve	Reserve funds	Safety fund surplus reserve	Capital contribution reserve	Difference arising from changes in non-controlling interests	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	30	1,504,337*	(578)*	29,115*	8,912*	233,000*	(4,115)*	(155,700)*	1,615,001	250,053	1,865,054
Loss for the period	-	-	-	-	-	-	-	(6,091)	(6,091)	(3,549)	(9,640)
Other comprehensive loss for the period											
Exchange differences related to foreign operations	-	-	(196)	-	-	-	-	-	(196)	-	(196)
Total comprehensive loss for the period	-	-	(196)	-	-	-	-	(6,091)	(6,287)	(3,549)	(9,836)
Establishment for safety fund surplus reserve	-	-	-	-	317	-	-	(317)	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	(448)	-	-	448	-	-	-
At 30 June 2018 (unaudited)	30	1,504,337*	(774)*	29,115*	8,781*	233,000*	(4,115)*	(161,660)*	1,608,714	246,504	1,855,218

* These reserve accounts comprise the consolidated reserves of RMB1,596,605,000 (31 December 2018: RMB1,609,369,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(13,065)	(6,327)
Adjustments for:			
Finance costs	5	12,416	13,394
Unrealised foreign exchange losses/(gains)	5	(215)	1,129
Bank interest income	4	(11)	(150)
Interest income from loans to third parties	4	—	(1,982)
Depreciation of property, plant and equipment	8	15,452	16,844
Depreciation of investment properties	9	291	338
Loss on disposal of items of property, plant and equipment	5	—	95
Reversal of provision for impairment loss on other receivables	5	(665)	(2,941)
Depreciation of right-of-use assets	8	325	—
Amortisation of intangible assets	8	4,574	945
Amortisation of prepaid land lease payments	8	135	135
		19,237	21,480
Increase in trade receivables		(2,909)	(13,914)
Increase in inventories		(1,272)	(7,790)
Decrease/(increase) in prepayments, deposits and other receivables		4,332	(3,938)
Increase/(decrease) in trade payables		(4,386)	1,124
Increase in contract liabilities		1,732	—
Increase in other payables and accruals		5,594	10,966
		22,328	7,928
Cash generated from operations		22,328	7,928
Interest received		11	150
		22,339	8,078
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(21,889)	(13,255)
Repayment of loans from third parties		13,300	61,279
Interests received from loans to third parties		—	1,982
Proceeds from disposal of financial assets at fair value through profit or loss		—	6,500
Expenditures on exploration and evaluation assets		(133)	(264)
		(8,722)	56,242
Net cash flows from/(used in) investing activities		(8,722)	56,242

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Principal portion of lease payment	(373)	—
Interest portion of lease liabilities	(32)	—
Interest paid	(8,926)	(15,268)
Net cash flows used in financing activities	(9,331)	(15,268)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,286	49,052
Cash and cash equivalents at beginning of the period	4,502	18,574
Effect of foreign exchange rate changes	215	350
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,003	67,976

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

1. CORPORATE 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.

Following the passing of a special resolution approving the change of company name by the Shareholders at the 2019 Annual General Meeting held on 31 May 2019, the Registrar of Companies in the Cayman Islands has approved the registration of the new name of the Company and issued the Certificate of Incorporation on change of name on 5 June 2019, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was also issued by the Registrar of Companies in Hong Kong on 27 June 2019. Hence, the English name of the Company has been changed from “China Polymetallic Mining Limited” to “Greenway Mining Group Limited” and the Chinese name “信盛礦業集團有限公司” has been adopted for identification purpose only in place of its former Chinese name “中國多金屬礦業有限公司” with effect from 5 June 2019.

During the six months ended 30 June 2019 (the “**Period**”), the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in mining, ore processing and the sale of lead-silver concentrates and zinc-silver concentrates. There were no significant changes in the nature of the Group’s principal activities during the Period.

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 (“**Dameng**”), a company incorporated in the British Virgin Islands, is in a position to exercise significant influence over the Company.

2.1 BASIS OF PREPARATION

The unaudited interim condensed financial information for the Period has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2018.

Going concern basis

During the Period, the Group incurred a consolidated net loss of RMB15,904,000 (six months ended 30 June 2018: RMB9,640,000). As at 30 June 2019, the Group had net current liabilities of RMB398,923,000.

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

- (a) As at 30 June 2019, the Group’s total bank loans amounted to RMB366,839,000, of which RMB35,000,000 has been due in May 2019 and RMB331,839,000 will be due within twelve months from 30 June 2019. The Group has not experienced any significant difficulties in renewing or extending its short-term bank loans upon their maturities and there is no indication that the bank will not renew or extend the existing bank loans if the Group applies for. The Group is currently in the process of negotiation with the bank for the extending its borrowings when they fall due to secure necessary facilities to meet the Group’s working capital and financial requirements.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

2.1 BASIS OF PREPARATION (CONTINUED)

Going concern basis (continued)

- (b) The Group has budgeted and laid out its business plan for the next twelve months, and seeks to attain profits and general positive cash flows from the continuance of operational expansion of the Aung Jiuja Mine and Bawsaing Mine in Myanmar.

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. At the same time, through the operation of the Group's mines in Myanmar, the Group seeks to secure quality resources of non-ferrous metals to enhance the Group's operation and financial performance.

- (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 the daily operating expenses.
- (d) The Group is actively following up with its debtors on outstanding receivables with the aim of agreeing a repayment schedule with each of them.

The Directors of the Company have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the 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 interim condensed financial information of the Group for the six months ended 30 June 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 interim condensed financial information.

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.

Throughout the next twelve months, the Audit Committee and the Board will monitor and review the Group's next twelve months business plan and cash flow projection timely and update deemed necessary and appropriate.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The adoption of these amendments to IFRSs has had no significant financial effect on the financial position or performance of the Group except IFRS 16. The nature and impact of IFRS 16 are described below:

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

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

New definition of a lease

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

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New definition of a lease (continued)

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

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

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

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and presented separately in the statement of financial position.

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

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

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

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a lessee – Leases previously classified as operating leases (continued)

Impacts on transition (continued)

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

	Increase/(decrease) RMB'000 (Unaudited)
Assets	
Increase in right-of-use assets	1,283
Decrease in prepayments, deposit and other receivables	(20)
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 is as follows:

	RMB'000 (Unaudited)
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

Summary of new accounting policies

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

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at historical cost less accumulated depreciation and provision for any impairment in value, in accordance with the Group's policy for 'investment properties'.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of new accounting policies (continued)

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.

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

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

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

	Right-of-use assets Office premises RMB'000	Lease liabilities RMB'000
As at 1 January 2019	1,283	1,263
Depreciation expense	(325)	—
Interest expense	—	32
Payments	—	(405)
As at 30 June 2019	958	890

The Group recognised rental expense from short-term leases of RMB34,000 (note 5) for the six months ended 30 June 2019.

3. REVENUE AND OPERATING SEGMENT INFORMATION

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue from contracts with customers	80,623	102,839
Gross rental income	811	405
	81,434	103,244

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Type of goods or services		
Sales of lead-silver concentrates	36,222	34,411
Sales of zinc-silver concentrates	5,258	6,146
Sales of raw ores	1,121	—
Trading activities	37,205	61,019
Rendering of processing services	817	1,263
Total revenue from contracts with customers	80,623	102,839
Geographical markets		
Domestic* — Mainland China	80,623	92,327
Overseas — Myanmar	—	10,512
Total revenue from contracts with customers	80,623	102,839

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

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Timing of revenue recognition		
Goods transferred at a point in time	79,806	101,576
Services transferred over time	817	1,263
Total revenue from contracts with customers	80,623	102,839

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.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Operating segment information (continued)

Entity-wide disclosures:

Geographical information

Non-current assets

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
Mainland China	1,390,920	1,417,728
Myanmar*	838,548	1,033,084
	2,229,468	2,450,812

* The amount includes the payments in advance in respect of acquisition of subsidiaries amounting to RMB201,500,000 (note 11) (31 December 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:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Customer A	32,312	Nil
Customer B	10,731	Nil
Customer C	9,445	Nil
Customer D	*	80,896

* Less than 10%.

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Bank interest income	11	150
Reversal of provision for impairment loss of other receivables	665	2,941
Gain on exchanges	215	—
Interest income from loans to third parties	—	1,982
Rental income from investment properties	211	440
Government grants related to expenses	176	—
Others	63	360
	1,341	5,873

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

5. LOSS BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cost of inventories sold		66,681	86,853
Cost of services rendered		668	34
Interest on bank loans		11,031	11,327
Interest on Third Parties Advances (as defined in note 9)	10	357	1,261
Interest expense on lease liabilities	2.2	32	—
Unwinding of discount		996	806
Finance costs		12,416	13,394
Staff costs (including directors' and chief executive's remuneration):			
Wages and salaries and relevant benefits		7,812	7,761
Pension scheme contributions			
— Defined contribution fund		241	190
		8,053	7,951
Depreciation of items of property, plant and equipment ^	8	15,452	16,844
Depreciation of investment properties	9	291	338
Depreciation of right-of-use assets	8	325	—
Amortisation of intangible assets ^	8	4,574	945
Amortisation of prepaid land lease payments ^	8	135	135
Depreciation and amortisation		20,777	18,262
Reversal of provision for impairment			
loss on other receivables		(665)	(2,941)
Auditors' remuneration		—	700
Foreign exchange losses/(gains)		(215)	1,129
Operating lease rentals	2.2	34	694
Loss on disposal of items of property, plant and equipment		—	95

^ The amortisation of property, plant and equipment, intangible assets and prepaid land lease payments for the Period and the prior period is included in "Cost of sales" in profit or loss or "Inventories" in the consolidated statement of financial position.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

6. INCOME TAX

The major components of income tax expense were as follows:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current — Myanmar	—	1,429
Deferred	2,839	1,884
	2,839	3,313

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (b) 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 Period.
- (c) 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 Period. GPS Joint Venture Company Limited ("GPS JV"), which had been exempted from Myanmar corporate income tax for the first five years since March 2014 by the Myanmar Investment Commission, is currently in the process of application for an extension for the exemption of Myanmar corporate income tax.
- (d) The subsidiaries located in Mainland China are liable to PRC corporate income tax at a rate of 25% on the assessable profits generated for the Period.

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

The calculation of loss per share is based on the loss attributable to owners of the Company for the Period of RMB13,789,000 (six months ended 30 June 2018: RMB6,091,000), and the number of ordinary shares of 3,579,777,000 (six months ended 30 June 2018: the number of ordinary shares of 3,579,777,000) in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2019 and 2018.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

8. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, PREPAID LAND LEASE PAYMENTS AND RIGHT-OF-USE ASSETS

Movements in right-of-use assets, property, plant and equipment, intangible assets and prepaid land lease payments during the Period are as follows:

	Right-of-use assets RMB'000 (Unaudited) (note (a))	Property, plant and equipment RMB'000 (Unaudited) (note (b))	Intangible assets RMB'000 (Unaudited) (note (c))	Prepaid land lease payments RMB'000 (Unaudited) (note (d))
Carrying amounts at 1 January 2019	1,283	809,901	992,162	10,403
Additions	—	15,587	133	—
Depreciation/amortisation charged for the Period (note 5)	(325)	(15,452)	(4,574)	(135)
Attributable to change of a subsidiary to an associate (note 10)	—	(22,911)	—	—
Exchange realignment	—	920	165	—
Carrying amounts at 30 June 2019	958	788,045	987,886	10,268

Notes:

- (a) During the Period, the Group entered into certain long-term lease contracts for office premises. During the Period, the Group also leased certain storage premises under short-term (i.e. within 12 months) lease arrangement. The Group has elected not to recognise right-of-use assets on these short-term lease contracts. There is no restrictions or covenants imposed and no sale and leaseback transactions.
- (b) As at 30 June 2019, the Group was in the customary process of obtaining the relevant building ownership certificates (“BOCs”) for the Group’s plant, which was erected on the land where the Group was still in the process of applying for the land use rights certificate, with a net carrying amount of RMB4,016,000 (31 December 2018: RMB4,379,000). The Group’s plant can only be sold, transferred or mortgaged when the relevant BOCs have been obtained.
- As at 30 June 2019, the Group’s property, plant and equipment with a total net carrying amount of RMB60,111,000 (31 December 2018: RMB60,967,000) were pledged to secure certain bank loans granted to the Group (note 14(a)).
- (c) As at 30 June 2019, the Group’s intangible assets with a net carrying amount of approximately RMB61,810,000 (31 December 2018: RMB61,810,000) were pledged to secure certain bank loans granted to the Group (note 14(a)).
- (d) As at 30 June 2019, the Group’s prepaid land lease payments with a net carrying amount of approximately RMB10,268,000 (31 December 2018: RMB10,403,000) were pledged to secure certain bank loans granted to the Group (note 14(a)).

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

9. INVESTMENT PROPERTIES

	30 June 2019 RMB'000 (Unaudited)
Cost	11,933
Accumulated depreciation	(4,985)
Net carrying amount	6,948
Opening net carrying amount	7,239
Depreciation provided during the Period (note 5)	(291)
Closing net carrying amount	6,948

As at 30 June 2019, the fair value of the investment properties was estimated to be approximately RMB11,720,000 (31 December 2018: RMB11,720,000). The fair value was revalued by the directors with reference to the market trend of the rental market as well as the valuation performed by an independent professionally qualified valuer named Sichuan Gongchengxin Real Estate and Land Appraisal Company Limited (“**Gongchengxin**”) at 31 December 2018. The valuation performed by Gongchengxin was determined based on market knowledge, reputation, independence and whether professional standards are maintained, 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 price per square metre. The fair value measurement hierarchy of the investment properties requires a certain significant unobservable input (Level 3).

The investment properties are leased to a third party under an operating lease.

As at 30 June 2019, the Group’s investment properties with a net carrying amount of RMB6,948,000 (31 December 2018: RMB7,239,000) was pledged to an independent third party for an interest-bearing advance (“**Third Party Advance**”) granted to its associate with principal amounted to RMB7,500,000.

10. INVESTMENT IN AN ASSOCIATE

	As at 30 June 2019 RMB'000 (Unaudited)
Share of net assets	18,855

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 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 100% equity interest in Kunrun Gongmao with registered capital of RMB20,000,000 through Kunrun.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

10. INVESTMENT IN AN ASSOCIATE (CONTINUED)

On 10 May 2019, Kunrun entered into a capital increase agreement with two independent third parties, pursuant to which those 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%. Although the Company holds 44.44% equity interests in Kunrun Gongmao, the Company has agreed sharing of control over Kunrun Gongmao with those two independent third parties pursuant to 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, 26 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 interim condensed consolidated financial information (the "**Derecognition**").

No gain or loss was generated from the transaction as the fair value of Kunrun Gongmao approximates its book value at the date of losing control.

The carrying value of the assets and liabilities and operating results of Kunrun Gongmao, at the date of the Derecognition and for the period from 29 March 2019 (date of incorporation) to the date of the Derecognition, are as follows:

	As at 26 June 2019 RMB'000 (Unaudited)
Inventory	16,475
Property, plant and equipment	22,911
Payment in advance (note 11(c))	182,377
Other payables	(202,908)
Net assets	18,855

	For the period from the date of incorporation to 26 June 2019 RMB'000 (Unaudited)
Administrative expenses	788
Finance costs (note 5)	357
Operating loss	1,145

No cash consideration was received or paid from the transaction.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

11. PAYMENTS IN ADVANCE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
<i>Current portion:</i>			
Prepayments in respect of:			
— purchase of inventories		368	9,846
— professional fees		1,066	846
— prepaid land lease payments to be amortised within one year		270	270
— deposits		604	444
— others		9,309	4,522
Loans receivable	(a)	—	13,300
Prepaid expenses		84	84
Other receivables in respect of:			
— transfer from trade receivables	(b)	43,991	43,991
— staff advances		1,401	1,111
		57,093	74,414
Impairment	(b)	(43,991)	(44,656)
		13,102	29,758
<i>Non-current portion:</i>			
Payments in advance in respect of:			
— prepaid land lease payments		11,883	11,883
— mining infrastructure		5,689	1,725
— acquisition of subsidiaries	(c)	201,500	383,877
— acquisition of non-controlling interest in a subsidiary	(d)	—	17,000
Impairment		(297)	(297)
		218,775	414,188
Prepayments in respect of purchase of inventories	(e)	214,165	214,165
Deposit in respect of:			
— environment rehabilitation		1,170	1,170
— others		1,253	1,584
		216,588	216,919
		448,465	660,865

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

11. PAYMENTS IN ADVANCE, 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 has not been collected according to the agreed repayment terms in 2016 as a result of the weak market condition. As such, the Group had made an additional impairment provision of RMB36,049,000 in 2016. Despite such provision and longer-than-expected repayment period, the Group has initiated necessary actions to recover the receivable in part or in full.

- (c) Prepayments of RMB383,877,000 which was 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 Period, three out of six framework agreements of equity transfer amounted to RMB182,377,000 has been transferred to Kunrun Gongmao in the Split (note 10).
- (d) On 20 May 2019, the Group completed the acquisition of 10% equity interest in Harbor Star Mining Company Limited from an independent individual at a consideration of RMB17,000,000.
- (e) The balances represent prepayments made to 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.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

12. TRADE RECEIVABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
Trade receivables	41,790	38,881
Impairment	(35,345)	(35,345)
	6,445	3,536

It is the Group's trading term 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.

An ageing analysis of the trade receivables as at 30 June 2019 and 31 December 2018, based on the invoice date and net of allowance, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
Within 3 months	6,445	3,536

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
1 January 2019	35,345	34,451
Impairment losses provided during the Period, net	—	894
30 June 2019	35,345	35,345

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

12. TRADE RECEIVABLES (CONTINUED)

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

As at 30 June 2019

	Current	Past due		Total
		Less than 1 year	Over 1 year	
Expected credit loss rate	6.5%	30%	100%	
Gross carrying amount (RMB'000)	6,892	—	34,898	41,790
Expected credit losses (RMB'000)	447	—	34,898	35,345

As at 31 December 2018

	Current	Past due		Total
		Less than 1 year	Over 1 year	
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

13. TRADE PAYABLES

An ageing analysis of the trade payables as at 30 June 2019 and 31 December 2018, based on the invoice date, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
Within 1 month	627	2,559
1 to 2 months	369	1,521
2 to 3 months	1,814	1,715
Over 3 months	5,390	6,791
	8,200	12,586

Trade payables are non-interest-bearing and are normally settled on terms of 4 months.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

14. INTEREST-BEARING BANK LOANS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
<i>Secured and guaranteed:</i>		
Current	366,839	66,520
Non-current	—	297,932
	366,839	364,452
Effective interest rate	6.06%-6.63%	5.70%-6.15%

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

As at 30 June 2019, the Group's bank loans are secured by:

(a) Mortgages over the following assets:

	Net book amount as at 30 June 2019 RMB'000
Property, plant and equipment (note 8(b))	60,111
Intangible assets (note 8(c))	61,810
Prepaid land lease payments (note 8(d))	10,268

(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, who is the Company's former executive director and retired on 6 June 2017, for nil consideration.

Management has assessed that the fair values of the Group's short-term interest-bearing bank loans approximate to their carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

15. LEASE LIABILITIES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
Current	475	—
Non-current	415	—
	890	—

16. ISSUED CAPITAL

Shares

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
Authorised: 38,000,000,000 (31 December 2018: 38,000,000,000) ordinary shares of HK\$0.00001 each	342	342
Issued and fully paid: 3,579,777,000 (31 December 2018: 3,579,777,000) ordinary shares of HK\$0.00001 each	30	30

17. DIVIDENDS

At a meeting of the Board of Directors held on 19 July 2019, the Directors resolved not to pay interim dividends for the Period to shareholders (six months ended 30 June 2018: Nil).

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

18. COMMITMENTS

The Group had the following capital commitments at the end of the Period:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000
Contracted, but not provided for:		
— Property, plant and equipment	161	1,697
— Acquisition of subsidiaries	2,000	4,000
	2,161	5,697

19. RELATED PARTY TRANSACTIONS

Except for those disclosed in note 9, compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Fees	1,050	1,567
Basic salaries and other benefits	555	554
Pension scheme contributions	5	5
	1,610	2,126

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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 of the Group's financial instruments approximate to their fair values due to the short term to maturity at the end of the Period.

21. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the Board on 19 July 2019.

“2019 AGM”	the annual general meeting of the Company held on 31 May 2019 at 10:30 a.m. at The Function Room 3, 2/F, The Harbourview, 4 Harbour Road, Wanchai, Hong Kong
“Audit Committee”	the audit committee of the Board
“Aung Jiuja Mine”	an open pit and underground lead 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 interim 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), formerly known as China Polymetallic Mining Limited (中國多金屬礦業有限公司) is 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)
“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
“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 Yingjiang County of Yunnan Province, China which is owned by Dakuangshan Company

GLOSSARY

“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
“Kunrun Gongmao”	Yingjiang Kunrun Gongmao Company Limited (盈江昆潤工貿有限公司), which is owned as to 44.44% equity interest by 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 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
“Nomination and Remuneration Committee”	the nomination and remuneration committee of the Board
“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

GLOSSARY

“Pb”	the chemical symbol for lead
“Period”	six months ended 30 June 2019
“Prospectus”	the prospectus of the Company dated 2 December 2011 and issued in connection with the initial public offering and listing of shares of the Company on the main board of Hong Kong Stock Exchange on 14 December 2011
“RMB”	the lawful currency of the PRC
“Safety, Health and Environment Committee”	the safety, health and environment committee of the Board
“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
“Strategy Committee”	the strategy committee of the Board
“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 for identification purpose. If there are any inconsistencies, the Chinese names shall prevail.