2019
INTERIM
REPORT

新礦資源有限公司

NEWTON RESOURCES LTD

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1231

Contents

Chairman's Statement

Dear Shareholders,

In the first half of 2019, the Group sold approximately 0.4 Mt of iron ore (Corresponding Prior Period: approximately 0.3 Mt) and recognised sales revenue from Trading Business of approximately RMB359.2 million (Corresponding Prior Period: approximately RMB117.1 million (restated)), representing an increase by more than two times. With the supply of quality high grade hematite ore and iron pellet, our gross profit from Trading Business has increased from approximately RMB0.6 million (restated) for the Corresponding Prior Period to approximately RMB20.6 million for the Reporting Period, with the gross margin percentage increased to approximately 6% for the Reporting Period.

The Trading Business has become the core revenue source of the Group since 2016. Over the past few years, we have devoted our effort to sustain and further promote the growth of the Trading Business, and have been liaising with leading enterprises in the iron ore industry about the possibility of long-term business cooperation, so as to pave way for the Group's long-term development.

There have been several developments in our Trading Business during the Reporting Period, including the entering into of the Assignment and Novation Agreement in May 2019, pursuant to which we secured the quality and long-term supply of hematite ore to be derived from the Hematite Mine, and the annual supply agreement for sourcing of high grade iron pellet from another Australian iron mine. We have successfully engaged in the sales of these products to the needed customer segment. We also provided vessel and other logistic arrangements for our cargoes and arranged our sales under different shipment terms so as to accommodate the customers' needs. Apart from that, there were changes in the pricing strategy for our iron ore products during the Reporting Period and we have taken initiatives to adopt the hedging tools such as iron ore futures and swaps to manage the operational risks that may arise from the trading of iron ore. All these moves helped us to continue developing the Trading Business with sustainable growth and enhancing profitability in the long run.

In 2019, the seaborne iron ore prices soared and reached a five-year record-high in July of more than US$120 per tonne. The iron ore prices appeared to be well supported at the high level for the rest of 2019 due to strong demand for imported iron ore in the PRC, tight supply globally, and looser monetary policies of the PRC government to support the economy and infrastructure investment and offset the detrimental impacts of the trade dispute between China and the United States of America.

Looking forward, the Group, through our trade team, will continue to develop the Trading Business focusing on the supply of high grade hematite ore and iron pellet at competitive prices. We will also identify and explore new supplies of iron ore and other commodities and evaluate and secure possible long-term business and/or offtake relationships so as to expand and further diversify our product offerings. With the long-term supplies on hand and the substantial growth in business volume, we will also focus on managing the inventory level, banking facilities and other financing options so as to minimise the cash requirements for our Trading Business operation and the Group's business development.

Chairman's Statement

Regarding our Mining Businesses at the Yanjiazhuang Mine, the Mining Permit had expired in July 2017. The Group, through Xingye Mining, submitted the application for the Renewal in early 2017 according to the applicable regulations. Since then, the management of Xingye Mining keeps working closely with various PRC government authorities in respect of the Renewal. In addition, in order to foster the local villagers to resolve the local matters in an agreeable manner, the management of Xingye Mining has also been under discussions with governmental and village representatives and has been exploring more alternatives and considering other collaboration possibilities as appropriate with the aim to bring back the operations at the Yanjiazhuang Mine.

Recently, in view of the Group's available financial and other resources, I have instructed Xingye Mining to initiate an assessment of the feasibility and economic viability of various business development plans in relation to the Yanjiazhuang Mine. This strategic review will be conducted with a view to enhancing the utilisation of the Group's assets and capturing the business opportunities that are available in the Yanjiazhuang Mine area from time to time. Based on the review results, the Group may pursue the economically viable options and start to liaise with the relevant parties accordingly. After conclusion is reached in the strategic review, the Company will announce any significant changes in connection with the Yanjiazhuang Mine operations and businesses and/or significant updates in relation to the Group's future business directions, new business development, financial results and/or financial position as and when appropriate.

Lastly, I would like to express my heartfelt gratitude to my fellow Board members, our management team and all the staff members for their dedication and commitment made for the Group. On behalf of the Board, I would like to express my sincere thanks to the Shareholders, customers, suppliers, banks and business partners for their continuous support.

Chong Tin Lung, Benny
Chairman

Hong Kong, 29 August 2019

Management Discussion and Analysis

The Group's Business Profile and Strategies

The Group is principally engaged in the mining and resources industry and carrying out its two businesses, namely, the Trading Business of iron ore and the Mining Businesses at the Yanjiazhuang Mine (i.e. the Iron Concentrate Business and the Gabbro-Diabase and Stone Business of Xingye Mining).

The Trading Business has become the core revenue source of the Group since 2016. Over the past few years, the Group has devoted its effort to sustain and further promote the growth of the Trading Business, and has been liaising with leading enterprises in the iron ore industry about the possibility of long-term business cooperation, so as to pave way for the Group's long-term development. Recently, the Group has secured the quality, sustainable and stable supply of iron ore from a reputable Australian mine at competitive market prices. Iron ore derived from the Australian mines are highly endorsed in the market and by the Group's customers for their quality and are especially sought-after among the trading-arms of steel mills and State-owned enterprises in the PRC.

In addition to the supply-side, the Group has also been working on the strengthening of the customer business network so that, with the stable long-term supply of quality products, the Group could develop and improve customer relations with good business continuity and repeated orders so as to support the Trading Business with sustainable growth in the long run.

Adding to the high grade product offerings, the Group also provides vessel and other logistic arrangements for its cargoes and arranges its Trading Business under different shipment terms so as to accommodate the customers' needs and extend the business reach to new suppliers and customers. The Group has also adjusted its pricing strategy for iron ore products during the Reporting Period and started to adopt the hedging tools such as iron ore futures and swaps to manage the operational risks that may arise from the trading of iron ore.

Going forward, the Group will continue to identify and explore new supplies of iron ore and other commodities and evaluate and secure possible long-term business and/or offtake relationships so as to expand and diversify the Group's product offerings.

The Group owns and operates the Yanjiazhuang Mine, an open-pit iron and gabbro-diabase mine located in Hebei Province, the PRC. As a socially responsible enterprise, we seek to develop the mine in a harmonious and environmentally-friendly manner and focus on creating a safe working space for the stakeholders. However, the Mining Permit had expired in July 2017 and the Group has been working closely with various PRC government authorities in respect of the Renewal. The Group is also working towards resolving the local issues or satisfying the demands surrounding the Yanjiazhuang Mine in an agreeable manner so as to bring the Mining Businesses back on track as early as practicable.

The Group's Business Profile and Strategies *(Continued)*

Looking ahead, the Group shall monitor the progress in respect of the permits for the Yanjiazhuang Mine so as to formulate a strategy thereon. In view of its available financial and other resources, Xingye Mining has initiated an assessment of the feasibility and economic viability of various business development plans in relation to the Yanjiazhuang Mine. This strategic review will be conducted with a view to enhancing the utilisation of the Group's assets and capturing the business opportunities that are available in the Yanjiazhuang Mine area from time to time. Based on the review results, the Group may pursue the economically viable options and start to liaise with the relevant parties accordingly.

Apart from the Yanjiazhuang Mine operations, the Group will continue to actively search for mining reserves and resources with potentials around the world, and evaluate mergers and acquisitions and/or co-development opportunities of mining projects.

Market Overview

For the first half of 2019, the PRC's gross domestic product grew stably at 6.3% when compared to that of the Corresponding Prior Period, representing a continual trend of steady economic growth in the PRC.

The iron ore price (Platts IODEX 62% Fe CFR North China) elevated from the range of US$70 per tonne at the beginning of the year and reached the five-year record-high in July 2019 to more than US$120 per tonne, and appeared to be well supported at the high level for the rest of 2019 as compared to previous year due to strong demand and tight supply. The major factor for the high iron ore price is the supply shortfall in Brazil with most analysts expecting the production of a major iron mine to be affected. This Brazil's supply losses were structural and will leave the market undersupplied until next year. There have also been supply concerns regarding fines from mainstream Australian mines, which lost volumes resulting from severe cyclones in Australia in the first half of 2019.

On the demand side, the steel industry in the PRC continued to rely heavily on imported iron ore from Australia, and in fact, the PRC is the end destination for most of the Australian-sourced iron ore exports in 2018 and the first half of 2019. For most of 2018, there was a strong appetite for high grade iron ore as the steel mills in the PRC were obtaining good profits. However, the steel mills at the moment prefer medium grade iron ore given weaker steel prices and squeezed margins. According to reports, it is widely expected that the spread between 65% Fe and 62% Fe index will continue to narrow, as shipments of high grade iron ore from Brazil are expected to increase while supply of Australian medium grade iron ore remains tight in 2019.

Market Overview *(Continued)*

China is producing steel at record-high levels in 2019 and strong domestic demand has played a bigger role in the steel output hikes in the first half of 2019. However, the market situation changed markedly from July 2019, when iron ore prices hit five-year high of more than US$120 per tonne due to tight supply and falling port stocks. Margins of steel producers were squashed by high iron ore prices that were unable to pass along to end customers in a weak steel market. However, except for some mandated output cuts for environmental reasons in Hebei Province and other cities in the PRC, steel mills were reluctant to have plans to reduce production in response to the margin squeeze. As a result, the steel production is expected to stay high in the foreseeable future, which indicates there will continue to be strong support for imported iron ore and seaborne iron ore prices. Some sources said that steel output would remain strong as the PRC steel mills are reluctant to trim production for fear of losing market share to rivals. Steel mills in the Beijing-Tianjin-Hebei area are likely to see tougher output cut orders ahead of the 70th anniversary of the founding of the PRC, which may rein in steel production within the region. Hebei Province has an ambitious plan of relocating steel mills in 2019 and 2020 with further reduction in capacity. Apart from that, the PRC steel mills are relocating to reduce urban pollution and improve industrial clustering. They will focus on improving logistics and location by moving from inland to coastal areas, which have geographic advantages due to the China steel sector's heavy reliance on imported iron ore.

In early July 2019, an industry work group for imported iron ore has been established in the PRC with members made up of several mainstream steel enterprises in the PRC, the purpose of which is to tackle the booming market prices on imported iron ore and conduct market studies and researches to trace and analyse the development of the iron ore market for imported iron ore and provide relevant recommendations to the related government authorities, when necessary.

Looking ahead, the trade dispute between the US and China is having a detrimental effect on investment decisions in the global manufacturing space. It is particularly hurting trade dependent countries in Asia, and there is plenty of volatility in the seaborne iron ore prices as the market reacts to economic data and supply issues. Iron ore prices will remain high as compared to previous year if the seaborne iron ore supply is constrained for much of 2019. Nevertheless, the Australian iron ore miners are moving to introduce higher grade products in next few years. Most of the projects are targeting the Chinese steel industry's effort to lift the quality of its inputs to lower emissions and produce steel more efficiently.

On the other hand, the outlook for China's steel market remains extremely bearish with high inventories and subdued domestic demand expected to continue depressing prices. However, at this stage, there is little talk of trimming steel output other than for environmental reasons as most market participants expect the PRC government to stimulate the economy in the second half of 2019 through looser monetary policies and infrastructure investment. In June 2019, the PRC government announced that it will allow the local governments to use special bonds as capital for major infrastructure projects, which should speed up infrastructure investment and support downstream steel demand. The PRC central government is also easing its monetary policies to support the economy and offset the detrimental impacts of the trade dispute and as such the country is unlikely to experience a hard landing. Economic growth is expected to be steady and will support the steel demand around current levels. As a result, iron ore prices look set to be well supported over the balance of this year.

Market Overview *(Continued)*

The Group will pay attention to the market supply and demand of iron ore so as to adjust its business strategy on the Trading Business as appropriate. The Group will also keep abreast of the latest economic development and the PRC government's policies on environmental protection, production safety as well as the mining and steel industry development and consider the impact thereof so as to further proceeding with the Renewal matters, build an environmentally-friendly mine at the Yanjiazhuang Mine area and to set out the direction of the Group's business development.

Business Review

In the first half of 2019, the Group is principally engaged in two businesses, namely, the Trading Business of iron ore and the Mining Businesses at the Yanjiazhuang Mine (i.e. the Iron Concentrate Business and the Gabbro-Diabase and Stone Business of Xingye Mining).

Trading Business

During the Reporting Period, the Group sold approximately 0.4 Mt of iron ore (Corresponding Prior Period: approximately 0.3 Mt) and recognised sales revenue from Trading Business of approximately RMB359.2 million (Corresponding Prior Period: approximately RMB117.1 million (restated)), representing an increase by more than two times. With the supply of quality high grade hematite ore and iron pellet, the Group's gross profit from Trading Business has increased from approximately RMB0.6 million (restated) for the Corresponding Prior Period to approximately RMB20.6 million for the Reporting Period, and the gross margin percentage also increased to approximately 6% for the Reporting Period.

In the second half of 2016, the Group started its Trading Business which initially primarily involved the supply and sales of iron ore. The Trading Business has developed into the major revenue contributor of the Group over the years. To sustain and further promote the growth of the Trading Business, the management of the Group has been liaising with leading enterprises in the iron ore industry about the possibility of long-term business cooperation, so as to pave way for the Group's long-term development.

Over the years, the Group's management has been actively seeking opportunities to expand the supplier network and secure the long-term supply of iron ore and other commodities from overseas mines with a view to developing the Trading Business with quality, sustainable and stable product supply at competitive market prices. Iron ore derived from Australian mines are highly endorsed in the market and by the Group's customers for their quality and are especially sought-after among the trading-arms of steel mills and State-owned enterprises in the PRC.

Since the first half of 2017, the Group has started doing businesses with the MGI Group through the sourcing of hematite ore on an individual contract basis. The Group has endeavoured to secure the supply of iron ore from the MGI Group at competitive market prices. With the management's effort, the Company entered into the Assignment and Novation Agreement with Shougang Concord International on 31 May 2019 for the acquisition of the contractual right to purchase hematite ore from the Hematite Mine owned by Koolan, a subsidiary of MGI which is an established producer of high quality, direct shipping grade iron ore products in Australia. Hematite ore is iron ore of high grade for direct shipping ore sales.

Business Review *(Continued)*

Trading Business *(Continued)*

Pursuant to the Assignment and Novation Agreement, Shougang Concord International and its subsidiary SCIT shall assign and novate their respective rights and obligations under the Long Term Hematite Supply Agreement to the Company and Ace Profit (through the Novation Deed and the Restated Long Term Hematite Supply Agreement) for a total consideration of HK$150 million. Capitalising on the mutual trust established with the MGI Group, the Group entered into the conditional Novation Deed (and the Restated Long Term Hematite Supply Agreement) so as to secure the continual supply of hematite ore at competitive prices, which are to be determined based on the agreed market pricing formulae taking into account the relevant benchmark prices and indexes commonly adopted and perceived to be of authoritative and reference value published from time to time by the recognised institutions in the iron ore industry, and an agreed percentage discount.

Pursuant to the offtake arrangement under the Restated Long Term Hematite Supply Agreement, Koolan shall supply and sell hematite ore to be derived from the Hematite Mine in such annual quantity as equals 80% of Koolan's total available production to Ace Profit during each contract year from the effective date of the Novation Deed to the date of permanent cessation of Koolan's mining operations at the Hematite Mine. Further details of the Assignment and Novation Agreement, the Novation Deed and the Restated Long Term Hematite Supply Agreement are set out in the announcement of the Company dated 31 May 2019 and the circular of the Company dated 8 July 2019, respectively. The transactions contemplated under the Assignment and Novation Agreement, the Novation Deed and the Restated Long Term Hematite Supply Agreement had been approved by the independent Shareholders in the extraordinary general meeting of the Company held on 24 July 2019 with completion on 7 August 2019.

As disclosed by MGI, the latest proven and probable ore reserves estimate of the Hematite Mine is 21 million metric tonnes with an average iron grade of 65.5% and MGI has recommenced the sales of high grade iron ore derived from the Hematite Mine which are scheduled to be mined over the next 5.5 years. The Group believes that with the Restated Long Term Hematite Supply Agreement, not only will the Group be able to cement its amicable long-term relationship with MGI and Koolan, but it will also be assured of the stable and quality supply of Australian-sourced iron ore in the event of any surge in future demand and/or market prices. The Group is now actively negotiating with its trading partners and steel mills for the sales of these high grade iron ore and hence creates values to the Shareholders in the long run. With the sustainable and quality supply, the Group is cautiously optimistic that, in view of the PRC's economy transition from high-speed to high-quality growth, the demand for high grade iron ore will be stable and on the rise in the future.

During the Reporting Period, the seaborne iron ore prices kept growing from the range of US$70 per tonne at the beginning of 2019 to over US$110 per tonne at the end of first half of 2019 (Corresponding Prior Period: in the range of US$60 to US$80 per tonne). The reasons for the booming market prices were mainly due to the shortages of iron ore supply following the collapse of tailings dam in a major iron mine in Brazil and the production outages owing to bad weather conditions and after-effects of severe cyclones in Australia. In line with the seaborne iron ore price trend and high grade products being sold in the first half of 2019, the average unit selling price for iron ore sold by the Group was approximately US$120 per tonne for the Reporting Period (Corresponding Prior Period: approximately US$50 per tonne).

Business Review *(Continued)*

Trading Business *(Continued)*

Apart from the supply from the MGI Group, the Group also sourced new supplies from other overseas mines, including the supply of high grade iron pellet from an iron mine located in Australia under the annual supply agreement, and subsequently, iron ore from several iron mines in Africa, Australia, and South America. The iron pellet has high iron content and low impurities which can act as a substitute to sintered and calibrated lump ore and be used directly in blast furnaces or at direct reduction iron-making plants. The Restated Long Term Hematite Supply Agreement and the aforesaid new iron ore supplies illustrated the Group's continual effort to grow the Trading Business with the supportive trade team and the Group's business reputation and good relationships with suppliers gradually building up in the iron ore industry in recent years. Going forward, the Group will continue to identify and explore new supplies of iron ore and other commodities and evaluate and secure possible long-term business and/or offtake relationships with suppliers so as to expand and diversify the Group's product offerings.

In addition to the supply-side, the Group has also been working on the strengthening of the customer business network so that, with the stable long-term supply of quality products, the Group could develop and improve customer relations with good business continuity and repeated orders so as to support the Trading Business with sustainable growth in the long run. With the long-term supplies on hand and the substantial growth in business volume, the Group's management has also been focusing on managing the inventory level, banking facilities and other financing options so as to minimise the cash requirements for the Trading Business operation during the Reporting Period.

During the Reporting Period, the Group started to identify the target customer group for high grade iron ore products, and has successfully engaged in the sales of these products to a different customer segment which are also trading arms of steel mills and State-owned enterprises with demand for high grade hematite ore and iron pellet, as compared to 2018. Since there was a shift in the Group's product offerings from low grade products in 2018 to high grade hematite ore and iron pellet for the Reporting Period, the Group's trade team has devoted substantial effort in identifying and securing new customers and developing the customer network.

In addition to the high grade product offerings, the Group also provides vessel and other logistic arrangements for its cargoes and arranges its Trading Business under different shipment terms so as to accommodate the customers' needs and extend the business reach to new suppliers and customers. The Group has also adjusted its pricing strategy for iron ore products during the Reporting Period and started to adopt the hedging tools such as iron ore futures and swaps to manage the operational risks that may arise from the trading of iron ore. During the Reporting Period, the Group's trade team has started to manage the Group's exposure over iron ore price fluctuation by entering into iron ore futures and swaps. Through these hedging instruments, the Group shall be able to hedge against fluctuations in iron ore prices arising from the Trading Business.

With the continual effort of the Group's management, it is believed that the Trading Business of iron ore could continue to grow and bring in strong income, profit and cash flow to support the development of the Group in the long run.

Business Review *(Continued)*

Iron Concentrate Business

The Group, through Xingye Mining, owns and operates the Yanjiazhuang Mine which is an open-pit iron ore and gabbro-diabase mine in Hebei Province, the PRC. However, the Mining Permit had expired in July 2017. The Group submitted the application for the Renewal in early 2017 according to the applicable regulations. Since then, the management of Xingye Mining keeps working closely with various PRC government authorities in respect of the Renewal, such as liaison for any adjustment and narrowing down of the Yanjiazhuang Mine area so as to preserve the natural reserves area in the region and following the PRC government's direction and development of ecology and environmental policies. This proposal may also help Xingye Mining to reduce its remaining resources fee payable in relation to gabbro-diabase (as further discussed in the "Gabbro-Diabase and Stone Business" section). During the Reporting Period, the management of Xingye Mining was still preparing for the additional documents to meet the requirements for the Renewal and the Renewal application will be further processed once the requisite documents are submitted to the relevant government authority. According to the local authority, Xingye Mining could re-submit the Renewal application once it has resolved and obtained certain requisite documents, including, among others, the adjustment to the mining area, the settlement of remaining outstanding resources fees, and certain documents and reports to support the Renewal application. The management of Xingye Mining has been working closely with the local authority to find a mutually agreeable solution to the adjustment to the mining area, including the proposal to narrow down the Yanjiazhuang Mine area (as aforesaid). The management of Xingye Mining has also been working with relevant professional parties on the required reports with a view to further proceeding with the Renewal application. The Group has not received any notice in respect of the rejection of the Renewal application or the withdrawal of the Mining Permit from the relevant government authorities as at the date of this report.

Apart from the Mining Permit, Xingye Mining had also made application for the renewal of a production safety permit for the Iron Concentrate Business in a prior year. Due to more stringent requirements and environmental protection measures imposed by the PRC government in recent years and the expiry of the Mining Permit, Xingye Mining shall submit documents to the Safety Authority and other regulatory bodies for the update of the Mining Permit information (after it is renewed) and the management of Xingye Mining could not ascertain the timing for Xingye Mining to obtain the renewed production safety permit, which has added uncertainties to the future development of the Iron Concentrate Business and the Yanjiazhuang Mine. The management of Xingye Mining will continue to follow up on the renewal of the production safety permit as and when the Renewal is expedited.

Business Review *(Continued)*

Iron Concentrate Business *(Continued)*

Moreover, Xingye Mining had to cope with the resumption of the Iron Concentrate Business. In order to foster the local villagers to resolve the local matters in an agreeable manner, the management of Xingye Mining has been under discussions with governmental and village representatives and has been exploring more alternatives and considering other collaboration possibilities as appropriate with the aim to bring back the operations at the Yanjiazhuang Mine, including an award sharing proposal and certain cultural and ecological business ideas so that the villagers could be entitled to benefit from the economic development in the Yanjiazhuang Mine area and the resumption, smooth operation and performance of the Yanjiazhuang Mine in the long run. As far as known to Xingye Mining, the Yanjiazhuang Mine is in the vicinity of the locations with ecological development and tourism value. The management of Xingye Mining is conducting studies and devising business proposal so as to evaluate the feasibility and economic viability of the aforesaid business ideas together with negotiating with governmental and village representatives, trying to fuse the future development of the Yanjiazhuang Mine of Xingye Mining with local economic and cultural development. Xingye Mining believes that, if an agreeable solution is finally reached among the parties, it may possibly bring a new business environment to the Yanjiazhuang Mine area which could smooth out the local issues and cater for the green development trend and development direction of the PRC government. The management of Xingye Mining is still discussing with local village representatives to identify and understand the co-development potential and economic values of these new proposals so as to evaluate and adjust the business plan of Xingye Mining, as and when appropriate.

During the Reporting Period, the Group did not incur any material capital expenditure or carry out any material infrastructure development for the Iron Concentrate Business.

Subsequent to the end of the Reporting Period, in view of its available financial and other resources, Xingye Mining has initiated an assessment of the feasibility and economic viability of various business development plans in relation to the Yanjiazhuang Mine. This strategic review will be conducted with a view to enhancing the utilisation of the Group's assets and capturing the business opportunities that are available in the Yanjiazhuang Mine area from time to time. Based on the review results, the Group may pursue the economically viable options and start to liaise with the relevant parties accordingly. The possible alternatives include (1) the Renewal with or without any adjustment in the mining area; (2) introduction of new business partners for co-development of the Yanjiazhuang Mine so as to smooth out the business operation at the Yanjiazhuang Mine; (3) awarding the local villagers based on the performance of the Iron Concentrate Business after resumption; (4) development of cultural and ecological business in the area surrounding the Yanjiazhuang Mine as initiated by and in collaboration with the local government and village representatives; (5) allocation of the Group's financial and non-financial resources to new business opportunities in the mining and resources sector; and (6) realisation of the Group's interest in the Yanjiazhuang Mine for better deployment of its financial and non-financial resources. After conclusion is reached in the strategic review, the Company will announce any significant changes in connection with the Yanjiazhuang Mine operations and businesses and/or significant updates in relation to the Group's future business directions, new business development, financial results and/or financial position as and when appropriate.

Management Discussion and Analysis

Business Review *(Continued)*

Gabbro-Diabase and Stone Business

Aiming to capture the business opportunities arising from the infrastructure development of highways and high-speed rails in the region, the Group built two production facilities for producing highway crushed stone and railway ballast at the Yanjiazhuang Mine in prior years.

During the Reporting Period, the Group recognised scrap sales of stone products produced in prior years of approximately RMB0.2 million (Corresponding Prior Period: approximately RMB0.1 million), attributed to the demand from nearby customers.

As mentioned in the "Iron Concentrate Business" section, the Mining Permit had expired in July 2017 and the management has been working closely on the Renewal as further discussed above. Apart from the Mining Permit, Xingye Mining had also made application for a production safety permit for the Gabbro-Diabase Business in a prior year. Due to more stringent requirements and environmental protection measures imposed by the PRC government in recent years and the expiry of the Mining Permit, Xingye Mining shall submit documents to the Safety Authority and other regulatory bodies for the update of the Mining Permit information (after it is renewed) and the timing for the issuance of the production safety permit is beyond the control of the Group which had added uncertainties to the future development of the Gabbro-Diabase and Stone Business. The management of Xingye Mining will continue to follow up on the issuance of the production safety permit as and when the Renewal is expedited.

In addition, in respect of the Mining Permit for gabbro-diabase at the Yanjiazhuang Mine, the remaining instalments of the resources fee payable, which amounted to approximately RMB21.5 million, in aggregate, together with the associated cost of funds, were due for settlement but remained unpaid up to date. In view of the unfavourable business and economic conditions and market outlook, the management of Xingye Mining has been in communication with the relevant government authorities and seeking to negotiate for more favourable payment terms under the Renewal, including the adjustment to the mining area and capacity, as discussed in more details under the section headed "Iron Concentrate Business" above.

During the Reporting Period, in order to utilise two production facilities for producing highway crushed stone and railway ballast at the Yanjiazhuang Mine that are temporarily not in use, the management of Xingye Mining has liaised and agreed with local business for leasing out these equipment so as to generate lease income to cover part of the administrative expenses of Xingye Mining. During the Reporting Period, the Group recognised other income from the lease of equipment of approximately RMB0.3 million (Corresponding Prior Period: Nil).

In line with the general trend in the policies for environmental protection and emission reduction in China and with the purpose of constructing an environmentally-friendly mine and enhancing the utilisation rate of ore resources, the Group installed and maintained environmental protection structures at the production facilities and other sites for the production of gabbro-diabase and stone, so as to mitigate any adverse impact on surrounding areas during the production process. The Group also placed great emphasis on production safety at the production facilities, making every effort to provide staff with a safe working environment. However, attributed to the requirements for the Environmental Upgrade, the Group's production of gabbro-diabase and stone at these production facilities has been suspended, and further construction and remedial works shall be required for the production facilities with a view that the environmental protection requirements could be attained.

Business Review *(Continued)*

Gabbro-Diabase and Stone Business *(Continued)*

As mentioned above, except for the works carried out on the Environmental Upgrade, the Group did not incur any material capital expenditure or carry out any material infrastructure development for the Gabbro-Diabase and Stone Business during the Reporting Period. For the Group's strategic review over the future business development at the Yanjiazhuang Mine, please refer to the discussions in the "Iron Concentrate Business" section for details.

Mine-Related Capital Expenditure and Infrastructure Development

As mentioned in the "Business Review" section above, the Mining Permit had expired in 2017 and Xingye Mining is preparing additional documents to meet the requirements for the Renewal. The Group did not incur any material capital expenditure or carry out any material infrastructure development for the Iron Concentrate Business and the Gabbro-Diabase and Stone Business during the Reporting Period.

There was no new contract and commitment entered into by the Group for the Iron Concentrate Business and the Gabbro-Diabase and Stone Business including those related to infrastructure projects (road and railway), subcontracting agreements and purchases of equipment during the six-month periods ended 30 June 2019 and 2018. It is expected that when the production at the Yanjiazhuang Mine are smoothed out and after the completion of the Renewal, Xingye Mining will further proceed with the relevant constructions so as to support the business development of the Yanjiazhuang Mine as and when appropriate.

Exploration Activities

During the Reporting Period, the Group did not have any exploration, development or production activity nor incur any expense or capital expenditure in any such activity at the Yanjiazhuang Mine.

Production Costs of the Yanjiazhuang Mine

Gabbro-Diabase and Stone Business

The Group's production costs for the Gabbro-Diabase and Stone Business amounted to approximately RMB0.1 million as recognised in the cost of sales during the Reporting Period (approximately RMB0.1 million for the Corresponding Prior Period).

Iron Concentrate Business

During the six-month periods ended 30 June 2019 and 2018, the Group's iron concentrate production had not yet resumed and therefore no production cost of iron concentrate was recorded.

Iron Ore Resource and Reserve Estimates

During the Reporting Period, the Group has yet to resume its production of iron concentrate at the Yanjiazhuang Mine and there were no significant changes in the Group's mineral resource and ore reserve estimates prepared under the JORC Code as at 30 June 2019 as compared to those disclosed in the 2018 Annual Report.

Iron Ore Resource and Reserve Estimates *(Continued)*

As mentioned in the "Business Review" section above, the Mining Permit had expired in 2017 and Xingye Mining is preparing additional documents to meet the requirements for the Renewal. According to the local authority, Xingye Mining could re-submit the Renewal application once it has resolved and obtained certain requisite documents, including, among others, the adjustment to mining area, the settlement of remaining outstanding resources fees, and certain documents and reports to support the Renewal application. The management of Xingye Mining has been working closely with the local authority to find a mutually agreeable solution to the adjustment to the mining area, including the proposal to narrow down the Yanjiazhuang Mine area (as aforesaid). The management of Xingye Mining has also been working with relevant professional parties on the required reports with a view to further proceeding with the Renewal application. The Group has not received any notice in respect of the rejection of the Renewal application or the withdrawal of the Mining Permit from the relevant government authorities as at the date of this report.

Gabbro-Diabase Resource Estimates

As mentioned in the "Business Review" section above, the Mining Permit had expired in 2017 and Xingye Mining is preparing additional documents to meet the requirements for the Renewal. According to the local authority, Xingye Mining could re-submit the Renewal application once it has resolved and obtained certain requisite documents, including, among others, the adjustment to mining area, the settlement of remaining outstanding resources fees, and certain documents and reports to support the Renewal application. The management of Xingye Mining has been working closely with the local authority to find a mutually agreeable solution to the adjustment to the mining area, including the proposal to narrow down the Yanjiazhuang Mine area (as aforesaid). The management of Xingye Mining has also been working with relevant professional parties on the required reports with a view to further proceeding with the Renewal application. The Group has not received any notice in respect of the rejection of the Renewal application or the withdrawal of the Mining Permit from the relevant government authorities as at the date of this report. There were no significant changes in the Group's mineral resource and ore reserve estimates prepared under the JORC Code as at 30 June 2019 as compared to those disclosed in the 2018 Annual Report.

In addition, the remaining instalments of the resources fee payable, which amounted to approximately RMB21.5 million, in aggregate, together with the associated cost of funds, were due for settlement, but remained unpaid up to date. In view of the tightening environmental protection measures and unfavourable economic and market outlook, the management of Xingye Mining has been in communication with the relevant government authorities and seeking to negotiate for more favourable payment terms under the Renewal.

Production Safety and Environmental Protection

During the Reporting Period, no significant safety-related incidents were recorded in the operations at the Yanjiazhuang Mine. Considering the smoggy weather in Mainland China, especially in Beijing-Tianjin-Hebei cluster, the PRC government is laying down plans to further tighten the relevant environmental protection measures towards heavy polluting industries, such as open-pit mines. To cope with the potential impact of these policy moves on the Mining Businesses, the Group will keep abreast of the latest regulatory requirements and changes, and adopt appropriate environmental and other measures from time to time to facilitate the resumption of operation and production at the Yanjiazhuang Mine.

As mentioned earlier, Xingye Mining has made applications for the renewal of a production safety permit of the Iron Concentrate Business and the grant of a production safety permit of the Gabbro-Diabase Business in a prior year. Upon completion of the Renewal, Xingye Mining shall submit documents to the Safety Authority and other regulatory bodies for the update of the Mining Permit information. In light of the current status of the Renewal application and repeated delays in the renewal or grant of permits over the past few years, the renewal or grant of the production safety permits are beyond the control of the Group, and the management of Xingye Mining will continue to follow up on the progresses as and when the Renewal is expedited.

Moreover, in a prior year, Xingye Mining received a notice from the local environmental protection authority requiring it to carry out the Environmental Upgrade at the Yanjiazhuang Mine. Since late 2017, Xingye Mining has been working on the remaining outstanding works on the Environmental Upgrade with an aim to meet the requirements for the Environmental Upgrade. However, further construction and remedial works shall be required for the production facilities with a view that the environmental protection requirements could be attained.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the Reporting Period (Nil for the Corresponding Prior Period).

Financial Review

During the Reporting Period, the Group recognised revenue from continuing operations of approximately RMB359.4 million (approximately RMB117.2 million (restated) for the Corresponding Prior Period), increased by more than 2 times, which mainly came from the Trading Business of iron ore. In August 2018, the Group disposed of its entire interests in the car-park business, which are then classified as the discontinued operation (the "Discontinued Operation"). Analysis of the results and cash flows of the Discontinued Operation is presented in Note 8 to the interim condensed consolidated financial information. The comparative results have been re-presented as if the operation discontinued had been discontinued at the beginning of the comparative period.

The net loss from continuing operations of the Group for the Reporting Period was approximately RMB14.7 million (approximately RMB84.2 million (restated) for the Corresponding Prior Period), representing a decrease by 83%. The loss for the period attributable to owners of the Company amounted to approximately RMB14.5 million (approximately RMB83.8 million (restated) for the Corresponding Prior Period). The basic and diluted loss per share for the Reporting Period was approximately RMB0.36 cents (approximately RMB2.10 cents (restated) for the Corresponding Prior Period).

Financial Review *(Continued)*

The overall improvement in the results of the Group was mainly attributable to the overall increase in the Group's revenue and gross profit by approximately RMB242.2 million and RMB20.0 million respectively, and the absent of impairment loss arising on the non-current assets at the Yanjiazhuang Mine of approximately RMB58.3 million that was recognised during the Corresponding Prior Period.

Revenue, Gross Profit and Gross Profit Margin

During the Reporting Period, the Group recognised revenue from continuing operations of approximately RMB359.4 million (approximately RMB117.2 million (restated) for the Corresponding Prior Period), increased by more than 2 times, which mainly came from the Trading Business of iron ore.

The Group sold hematite ore sourced from an Australian iron mine with high grade products and low impurities during the Reporting Period. The Group also entered into an annual supply agreement and started to sell iron pellet sourced from another Australian iron mine. The iron pellet is perceived to be well accepted by the trading arms of steel mills and certain State-owned enterprises. In addition, the iron ore market prices continued to soar throughout the first half of 2019 due to tight supply. As a result, the average selling price and volume of iron ore traded by the Group increased significantly. The volume of iron ore traded has increased by 33% to approximately 0.4 Mt during the Reporting Period, as compared to approximately 0.3 Mt for the Corresponding Prior Period while the average unit selling price of iron ore supplied by the Group increased by about 1.4 times from about US$50 per tonne for the Corresponding Prior Period to about US$120 per tonne for the Reporting Period.

Attributed to sourcing of quality iron ore supplies at competitive prices, the adjustment of pricing strategy with the adoption of hedging tools, and in line with the increase in revenue, the Group recorded an overall increase in gross profit to approximately RMB20.6 million (approximately RMB0.6 million (restated) for the Corresponding Prior Period) with improved gross profit margin of approximately 6% during the Reporting Period (0.5% (restated) for the Corresponding Prior Period).

Cost of Sales

The Group's cost of sales for the Reporting Period increased by about 2 times to approximately RMB338.8 million, as compared to approximately RMB116.5 million (restated) for the Corresponding Prior Period. The increase in cost of sales was in line with the increase in market price and trading volume of iron ore from the Trading Business.

Being an international commodity, iron ore prices have been subject to market fluctuation from time to time. During the Reporting Period, the Group has adjusted its pricing strategy for iron ore products and started to adopt the hedging tools such as iron ore futures and swaps to manage the operational risks (and cost of sales) that may arise from the trading of iron ore. With the long-term supplies on hand and the substantial growth in business volume, the Group's management has also been focusing on managing the inventory level, banking facilities and other financing options so as to minimise the cash requirements for the Trading Business operation during the Reporting Period. The Group takes a prudent approach by securing and confirming sales orders with the customers in short time intervals when the cargoes are ready. This allows the Group to achieve a faster inventory turnover and therefore the increase in cost of sales of the Trading Business largely follows the market trends and the increase in the Group's sales revenue.

Financial Review *(Continued)*

Administrative Expenses

During the Reporting Period, the Group's administrative expenses were approximately RMB15.1 million, higher than that for the Corresponding Prior Period of approximately RMB13.4 million (restated) by 13%. The increase was mainly due to the write-down of inventories of Iron Concentrate Business segment by approximately RMB1.7 million for the Reporting Period.

Finance Expense

Finance expense decreased by 60% to approximately RMB1.7 million during the Reporting Period, as compared to approximately RMB4.2 million (restated) for the Corresponding Prior Period. The decrease was mainly due to the decrease in net foreign exchange losses by approximately RMB4.4 million as a result of increased foreign currency bank balances maintained by the Group and the strengthening of the United States dollars during the Reporting Period.

Other Expenses

Other expenses mainly represented the estimated possible payments on the outstanding gabbro-diabase resources fee payable of approximately RMB7.8 million in both periods.

Income Tax Expense

The income tax expense represented the current year provision for Hong Kong profits tax arising on the iron ore Trading Business and the Mainland China corporate income tax arising on the coals trading in the PRC.

Also, it is considered to be premature to recognise the deferred tax assets for tax losses arising in the PRC as at 30 June 2019. Further details about the Group's income tax are set out in Note 7 to the interim condensed consolidated financial information.

Property, Plant and Equipment

As at 30 June 2019, the Group's property, plant and equipment had a net book value of approximately RMB201.6 million (approximately RMB203.5 million as at 31 December 2018), representing mainly the mining and related assets at the Yanjiazhuang Mine and accounted for 21% (33% as at 31 December 2018) of the total assets of the Group.

Other Current Financial Assets at Amortised Cost

As at 30 June 2019, the balance of other current financial assets at amortised cost mainly represented a trade deposit paid to a supplier of RMB33.0 million (RMB50.0 million as at 31 December 2018) to secure the coal supply for the Trading Business.

Financial Review *(Continued)*

Other Current Financial Liabilities

The balance of other current financial liabilities mainly included gabbro-diabase resources fee payable and accrual for the estimated possible payments accrued thereon of approximately RMB21.5 million and RMB44.4 million respectively as at 30 June 2019 (approximately RMB21.5 million and RMB36.6 million respectively as at 31 December 2018).

In respect of the Mining Permit for gabbro-diabase at the Yanjiazhuang Mine, the remaining three instalments of the resources fee payable, which amounts to approximately RMB21.5 million, in aggregate, together with the associated cost of funds, were due for settlement, but remained unpaid up to date, as further detailed in Note 14 to the interim condensed consolidated financial information.

Liquidity and Financial Resources

As at 30 June 2019, the Group's cash and cash equivalents amounted to approximately RMB145.4 million (approximately RMB98.0 million as at 31 December 2018), of which 19% are denominated in RMB, 7% are denominated in HKD and 74% are denominated in USD (68% are denominated in RMB, 4% are denominated in HKD and 28% are denominated in USD as at 31 December 2018), representing 15% (16% as at 31 December 2018) of total assets of the Group. The increase in cash and cash equivalents was mainly attributed to proceeds from other loans of approximately RMB205.9 million to finance the Trading Business during the Reporting Period. The Group would also negotiate for other new trade finance facilities with the banks so as to support the further development of the Trading Business.

The Group's net cash position (calculated as total cash and cash equivalents and restricted bank deposits less total borrowings) was approximately RMB109.4 million as at 30 June 2019 (approximately RMB98.0 million as at 31 December 2018), while the Group's liquidity ratio (calculated as current assets divided by current liabilities) was approximately 1.1 as at 30 June 2019 (approximately 1.2 as at 31 December 2018), which is considered to be steady.

The Group did not have material addition of items of property, plant and equipment in both periods.

Capital Structure and Gearing Ratio

The Group calculates its net gearing ratio by dividing its net debt position (calculated as total borrowings less total cash and cash equivalents and restricted bank deposits) by its total equity.

As at 30 June 2019, the total equity of the Group amounted to approximately RMB265.4 million (approximately RMB280.0 million as at 31 December 2018).

As the Group had net cash position of approximately RMB109.4 million and RMB98.0 million as at 30 June 2019 and 31 December 2018, respectively, it is therefore not considered to have any net gearing as at these dates.

Loans, Indebtedness and Maturity Date

As at 30 June 2019, the Group's borrowings increased by approximately RMB206.8 million to approximately RMB425.8 million (approximately RMB219.1 million as at 31 December 2018) (exclusive of lease liabilities), of which 92% are denominated in HKD and 8% in USD (all are denominated in HKD as at 31 December 2018).

Certain of the Group's time deposits of HK$250.0 million (equivalent to approximately RMB219.9 million) (HK$250.0 million (equivalent to approximately RMB219.1 million) as at 31 December 2018) have been used to secure the HKD-denominated secured bank borrowing amounted to HK$250.0 million (equivalent to approximately RMB219.9 million) (HK250.0 million (equivalent to approximately RMB219.1 million) as at 31 December 2018).

Of the Group's total borrowings, approximately RMB219.9 million (approximately RMB219.1 million as at 31 December 2018) carried interest at a floating interest rate and subject to the bank's overriding right of repayment on demand while the remaining balances of approximately RMB205.9 million carried interest at fixed interest rates and repayable within one year.

As at 30 June 2019 and 31 December 2018, no property, plant and equipment or leasehold land or land use rights were pledged for the Group's bank borrowings or banking facilities.

Pledge of Assets

As at 30 June 2019 and 31 December 2018, the Group's time deposits of HK$250.0 million, in aggregate, (equivalent to approximately RMB219.9 million and RMB219.1 million respectively) have been utilised as securities for the Group's bank borrowing.

Funding and Treasury Policy

The Group has a funding and treasury policy to monitor its funding requirements and perform ongoing liquidity review. This approach takes into consideration the maturity of its financial instruments, financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings and trade finance and treasury facilities.

Exposure to Fluctuations in Exchange Rates

The Group's functional currency is RMB as the assets and operations at the Yanjiazhuang Mine are primarily located in the PRC with transactions settled in RMB while transactions in the Group's Trading Business of iron ore were mainly settled in USD.

Exposure to Fluctuations in Exchange Rates *(Continued)*

During the Reporting Period, the Group had transactional currency exposures. Such exposures arose from the sales and purchases of products and other transactions of operating units in currencies other than the Group's functional currencies. Approximately 99% and 99% of the Group's sales and purchases, respectively during the Reporting Period, and approximately 35% of the Group's net assets as at 30 June 2019 (approximately 10% as at 31 December 2018) were denominated in foreign currency (the HKD and USD). Currently, the Group does not have a foreign currency hedging policy. The fluctuation of RMB against USD and HKD during the Reporting Period led to the recognition of net foreign exchange gains of approximately RMB0.4 million (losses of approximately RMB4.0 million (restated) during the Corresponding Prior Period).

In view of the diversification of the Group's businesses and products, the management will closely observe the movements in RMB exchange rates and market interest rates and consider any rearrangement of its sources of financing and deposit portfolio where appropriate.

Exposure to Fluctuations in Commodity Prices

During the Reporting Period, in view of the prevailing market conditions, the Group adjusted its pricing strategy for iron ore products and started to adopt the hedging tools such as iron ore futures and swaps to manage the operational risks that may arise from the iron ore Trading Business.

The Group's trade team has started to manage the Group's exposure over iron ore price fluctuation by entering into iron ore futures and swaps. Through these hedging instruments, the Group shall be able to hedge against fluctuations in iron ore prices arising from the Trading Business. For the Reporting Period, the Group recognised a net fair value gain of approximately RMB7.4 million (Corresponding Prior Period: Nil) from hedging through iron ore futures and swaps, which had been included in the Group's cost of sales.

As at 30 June 2019, the Group had open positions of iron ore futures for net purchase of 55,000 tonnes expiring by end of August 2019 with a positive contract value of US$121,000 (equivalent to approximately RMB831,000) (Nil as at 31 December 2018) which has been recognised in financial assets at fair value through profit or loss.

Segment Information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments, namely the "Trading Business" segment, "Iron Concentrate Business" segment and "Gabbro-Diabase and Stone Business" segment. An analysis of the Group's revenue by operating segment is as follows:

	Six-month period ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Trading Business	**359,174**	117,085
Iron Concentrate Business *(Note)*	**–**	–
Gabbro-Diabase and Stone Business	**190**	83
	359,364	117,168

Note: No revenue had been recorded for the "Iron Concentrate Business" segment for both periods as the Group had yet to resume the trial production of the Iron Concentrate Business at the Yanjiazhuang Mine during the Reporting Period.

An analysis of the Group's revenue from the external customers by geographical segment is as follows:

	Six-month period ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Hong Kong	**355,028**	91,460
Mainland China	**4,336**	25,708
	359,364	117,168

Furthermore, the majority of the Group's non-current assets are located in the PRC in both periods.

Further details of the Group's segment information and segment results are set out in Note 3 to the interim condensed consolidated financial information, and further discussions on business performance of each business segment of the Group are set out in the sections headed "Market Overview" and "Business Review" above.

Capital Commitments

The Group had the following capital commitments at the end of the reporting periods:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted, but not provided for:		
– Property, plant and equipment	**38,845**	38,595
– Consideration payable under the Assignment and Novation Agreement	**131,940**	–
	170,785	38,595

The Group intends to finance these capital expenditure by internally generated funds or borrowings.

Significant Investments, Acquisitions and Disposals

The Company entered into the Assignment and Novation Agreement with Shougang Concord International on 31 May 2019 for the acquisition of the contractual right to purchase hematite ore from the Hematite Mine which is owned by Koolan.

Pursuant to the Assignment and Novation Agreement, Shougang Concord International and its subsidiary SCIT shall assign and novate their respective rights and obligations under the Long Term Hematite Supply Agreement to the Company and Ace Profit (through the Novation Deed and the Restated Long Term Hematite Supply Agreement) for a total consideration of HK$150 million.

Pursuant to the offtake arrangement under the Restated Long Term Hematite Supply Agreement, Koolan shall supply and sell hematite ore to be derived from the Hematite Mine in such annual quantity as equals 80% of Koolan's total available production to Ace Profit during each contract year from the effective date of the Novation Deed to the date of permanent cessation of Koolan's mining operations at the Hematite Mine. Further details of the Assignment and Novation Agreement, the Novation Deed and the Restated Long Term Hematite Supply Agreement are set out in the announcement of the Company dated 31 May 2019 and the circular of the Company dated 8 July 2019, respectively. The transactions contemplated under the Assignment and Novation Agreement, the Novation Deed and the Restated Long Term Hematite Supply Agreement had been approved by the independent Shareholders in the extraordinary general meeting of the Company held on 24 July 2019 with completion on 7 August 2019.

The Group entered into certain memoranda of understanding in prior years in connection with the exclusivity period of the potential investments in two mining and resources projects. These memoranda had expired and the exclusivity period had ended on 30 June 2019.

Events after the Reporting Period

Save for the approval of the transactions contemplated under the Assignment and Novation Agreement, the Novation Deed and the Restated Long Term Hematite Supply Agreement by the independent Shareholders in the extraordinary general meeting of the Company held on 24 July 2019 with completion on 7 August 2019, and as disclosed elsewhere in this report, there is no other significant event affecting the Group which has occurred since 30 June 2019 and up to the date of this report.

Employees and Remuneration Policies

As at 30 June 2019, the Group had a total of 67 (79 as at 31 December 2018) employees in Hong Kong and Mainland China.

The Group formulates its human resources allocation and recruitment plans based on its development strategies. The remuneration packages of the employees are structured by reference to job nature (including geographical locations) and prevailing market conditions. The remuneration policy of the Group is subject to periodic review, and year-end bonuses and share options are available to reward employees in line with their individual performances and industry practice. In addition, the Group encourages its employees to receive training that is suitable for their job nature and caters to the needs of obtaining certain professional qualifications, such as seminars and training for different professional knowledge. Appropriate training programmes and/or seminar subsidies are also offered to ensure continuous staff training and development.

The emoluments of the Directors, comprising Director's fee, annual salary package, discretionary bonus and share options, are reviewed and determined by the Board based on the recommendations from the Remuneration Committee with reference to the Company's performance, his duties and responsibilities with the Company, and the prevailing market conditions. The Director's remuneration will be subject to annual review by the Remuneration Committee and the Board with the authorisation granted by the Shareholders at the annual general meeting of the Company.

The human resources department of the Group is responsible for the collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee consults with the chairman of the Board about these recommendations on remuneration policy and structure and remuneration packages. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

Management Discussion and Analysis

Outlook and Future Plans

As mentioned in the "Business Review" section, there have been several developments in the Group's business during the Reporting Period, including the entering into of the Assignment and Novation Agreement, pursuant to which the Group secured the quality and long-term supply of hematite ore to be derived from the Hematite Mine to the date of permanent cessation of Koolan's mining operations at the Hematite Mine, and the annual supply agreement for sourcing of high grade iron pellet from another Australian iron mine. These new supplies evidenced the Group's success in growing the Trading Business in a sustainable manner with gradual expansion and diversification of the Group's product offerings.

In addition, the Group started to identify the target customer group for high grade iron ore products, and has successfully engaged in the sales of these products to the needed customer segment. The Group also provided vessel and other logistic arrangements for its cargoes and arranged its Trading Business under different shipment terms so as to accommodate the customers' needs. Apart from that, there were changes in the Group's pricing strategy for iron ore products during the Reporting Period and the Group has taken initiatives to adopt the hedging tools such as iron ore futures and swaps to manage the operational risks that may arise from the trading of iron ore during the Reporting Period and thereafter. These moves helped the Group to continue developing the customer network so as to support the Trading Business with sustainable growth and profitability in the long run.

Looking forward, the Group, through its trade team, will continue to develop the Trading Business focusing on the supply of high grade hematite ore and iron pellet at competitive prices. The Group will also identify and explore new supplies of iron ore and other commodities and evaluate and secure possible long-term business and/or offtake relationships so as to expand and further diversify the Group's product offerings at competitive prices. With the long term supplies on hand and the substantial growth in business volume, the Group will also focus on managing the inventory level, banking facilities and other financing options so as to minimise the cash requirements for the Trading Business operation and the Group's business development.

Regarding the Yanjiazhuang Mine, the Mining Permit had expired and the management of Xingye Mining keeps working closely with various PRC government authorities in respect of the Renewal. In view of its available financial and other resources, Xingye Mining has recently initiated an assessment of the feasibility and economic viability of various business development plans in relation to the Yanjiazhuang Mine. This strategic review will be conducted with a view to enhancing the utilisation of the Group's assets and capturing the business opportunities that are available in the Yanjiazhuang Mine area from time to time. Based on the review results, the Group may pursue the economically viable options and start to liaise with the relevant parties accordingly. After conclusion is reached in the strategic review, the Company will announce any significant changes in connection with the Yanjiazhuang Mine operations and businesses and/or significant updates in relation to the Group's future business directions, new business development, financial results and/or financial position as and when appropriate.

Independent Auditor's Review Report

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To the Board of Directors of Newton Resources Ltd
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 26 to 65, which comprises the interim condensed consolidated statement of financial position of Newton Resources Ltd (the "Company") and its subsidiaries (the "Group") as at 30 June 2019 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

29 August 2019

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six-month period ended 30 June 2019

	Notes	Six-month period ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Continuing operations			
Revenue	4	**359,364**	117,168
Cost of sales		**(338,788)**	(116,542)
Gross profit		**20,576**	626
Other income and gains		**304**	–
Selling and distribution costs		**(291)**	(268)
Administrative expenses		**(15,149)**	(13,438)
Impairment losses on property, plant and equipment		**–**	(57,782)
Impairment losses on intangible assets		**–**	(216)
Impairment losses on prepaid land lease payments		**–**	(296)
Impairment losses on prepayments and other receivables		**(6,650)**	(881)
Impairment losses on other current financial assets at amortised cost		**(750)**	–
Other expenses		**(7,888)**	(7,779)
Finance expense, net	6	**(1,677)**	(4,172)
Share of losses of an associate		**(50)**	(13)
Loss before tax from continuing operations	5	**(11,575)**	(84,219)
Income tax expenses	7	**(3,141)**	–
Loss for the period from continuing operations		**(14,716)**	(84,219)
Discontinued operation			
Loss for the period from a discontinued operation	8	**–**	(643)
Loss for the period		**(14,716)**	(84,862)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in the subsequent periods:			
Exchange differences on translation of foreign operations		**151**	(12)
Net other comprehensive income that may be reclassified to profit or loss in the subsequent periods		**151**	(12)
Other comprehensive income for the period, net of tax		**151**	(12)
Total comprehensive income for the period		**(14,565)**	(84,874)

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six-month period ended 30 June 2019

	Notes	Six-month period ended 30 June 2019 RMB'000 (Unaudited)	 2018 RMB'000 (Unaudited) (Restated)
Loss for the period attributable to owners of the Company:			
– from continuing operations		**(14,485)**	(83,470)
– from a discontinued operation		**–**	(334)
		(14,485)	(83,804)
Loss for the period attributable to non-controlling interests:			
– from continuing operations		**(231)**	(749)
– from a discontinued operation		**–**	(309)
		(231)	(1,058)
Loss for the period		**(14,716)**	(84,862)
Total comprehensive income attributable to:			
Owners of the Company		**(14,334)**	(83,801)
Non-controlling interests		**(231)**	(1,073)
		(14,565)	(84,874)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic and diluted *(RMB cents)*			
– For loss for the period		**(0.36)**	(2.10)
– For loss from continuing operations		**(0.36)**	(2.09)

Interim Condensed Consolidated Statement of Financial Position

30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**201,644**	203,536
Intangible assets	12	**722**	722
Right-of-use assets		**958**	–
Prepaid land lease payments		**–**	942
Investment in an associate		**1,395**	1,445
		204,719	206,645
Current assets			
Inventories		**1,194**	2,844
Trade and bills receivables	13	**153,470**	–
Other current financial assets at amortised cost	14	**51,139**	58,955
Prepayments and other receivables		**14,743**	25,461
Financial assets at fair value through profit or loss	14	**831**	–
Restricted bank deposits	15	**392,706**	219,050
Cash and cash equivalents	16	**145,406**	97,953
		759,489	404,263
Current liabilities			
Trade and bills payables	17	**151,799**	1,125
Other current financial liabilities	14	**92,001**	84,193
Contract liabilities		**7,406**	10,007
Other payables and accruals		**7,335**	8,138
Interest-bearing bank and other borrowings	18	**428,720**	219,050
Income tax payables		**11,056**	7,939
		698,317	330,452
Net current assets		**61,172**	73,811
Total assets less current liabilities		**265,891**	280,456

Interim Condensed Consolidated Statement of Financial Position

30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Non-current liabilities			
Non-current financial liabilities	14	**500**	500
		500	500
Net assets		**265,391**	279,956
Equity			
Equity attributable to owners of the Company			
Share capital	19	**331,960**	331,960
Reserves		**(61,967)**	(47,633)
		269,993	284,327
Non-controlling interests		**(4,602)**	(4,371)
Total equity		**265,391**	279,956

Interim Condensed Consolidated Statement of Changes in Equity

Six-month period ended 30 June 2019

	Attributable to owners of the Company							
	Share capital RMB'000 *Note 19*	Share premium account RMB'000	Capital reserves RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)								
At 1 January 2019	**331,960**	**719,871**	**80,864**	**2**	**(848,370)**	**284,327**	**(4,371)**	**279,956**
Loss for the period	**–**	**–**	**–**	**–**	**(14,485)**	**(14,485)**	**(231)**	**(14,716)**
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**151**	**–**	**151**	**–**	**151**
Total comprehensive income for the period	**–**	**–**	**–**	**151**	**(14,485)**	**(14,334)**	**(231)**	**(14,565)**
At 30 June 2019	**331,960**	**719,871***	**80,864***	**153***	**(862,855)***	**269,993**	**(4,602)**	**265,391**
(Unaudited)								
At 1 January 2018	331,960	719,871	80,864	(25)	(742,364)	390,306	(4,248)	386,058
Loss for the period	–	–	–	–	(83,804)	(83,804)	(1,058)	(84,862)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	–	–	–	3	–	3	(15)	(12)
Total comprehensive income for the period	–	–	–	3	(83,804)	(83,801)	(1,073)	(84,874)
At 30 June 2018	331,960	719,871	80,864	(22)	(826,168)	306,505	(5,321)	301,184

* These reserve accounts comprise the deficiency in reserves of RMB61,967,000 in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

Six-month period ended 30 June 2019

	Notes	Six-month period ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Cash flows from operating activities			
Loss before tax:			
From continuing operations		**(11,575)**	(84,219)
From a discontinued operation		**–**	(643)
Adjustments for:			
Depreciation of items of property, plant and equipment	11	**1,896**	2,348
Amortisation of right-of-use assets		**16**	–
Amortisation of prepaid land lease payments		**–**	21
Impairment losses on property, plant and equipment		**–**	57,782
Impairment losses on intangible assets		**–**	216
Impairment losses on prepaid land lease payments		**–**	296
Impairment losses on prepayments and other receivables		**6,650**	881
Impairment losses on other current financial assets at amortised cost		**750**	–
Finance expense, net	6	**1,677**	4,173
Share of losses of an associate		**50**	13
Cash flows before working capital changes		**(536)**	(19,132)
Decrease in inventories		**1,650**	60
(Increase)/decrease in trade and bills receivables		**(153,470)**	33,710
Decrease/(increase) in other current financial assets at amortised cost		**7,417**	(47,453)
Decrease in prepayments and other receivables		**4,036**	13,716
Increase in financial assets at fair value through profit or loss		**(831)**	–
(Increase)/decrease in restricted bank deposits		**(172,704)**	314
Increase/(decrease) in trade and bills payables		**150,674**	(52,301)
Increase in other current financial liabilities		**8,500**	4,795
Decrease in contract liabilities		**(2,601)**	(9,052)
Decrease in other payables and accruals		**(803)**	(1,856)
Cash used in operations		**(158,668)**	(77,199)
Interest received		**2,732**	3,300
Bank charges paid		**(221)**	(131)
Mainland China profits tax paid		**(52)**	–
Net cash flows used in operating activities		**(156,209)**	(74,030)

Interim Condensed Consolidated Statement of Cash Flows

Six-month period ended 30 June 2019

	Notes	Six-month period ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Cash flows from investing activities			
Purchase of items of property, plant and equipment		**(4)**	(136)
Investment in an associate		**–**	(1,500)
Net cash flows used in investing activities		**(4)**	(1,636)
Cash flows from financing activities			
Advance on discounted bills		**–**	17,309
Proceeds from other borrowings		**205,900**	–
Interest paid		**(2,789)**	(2,033)
Net cash flows from financing activities		**203,111**	15,276
Net increase/(decrease) in cash and cash equivalents		**46,898**	(60,390)
Cash and cash equivalents at beginning of period		**97,953**	164,309
Effect of foreign exchange rate changes, net		**555**	(3,971)
Cash and cash equivalents at end of period		**145,406**	99,948
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**538,112**	310,723
Restricted bank deposits	15	**(392,706)**	(210,775)
Cash and cash equivalents at end of period	16	**145,406**	99,948

Notes to Interim Condensed Consolidated Financial Information

Six-month period ended 30 June 2019

1. Corporate Information

Newton Resources Ltd (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the period, the principal activity of the Company was investment holding and the principal activities of its subsidiaries included trading business and mining, processing and sale of iron concentrates and gabbro-diabase and stone products.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

2.1 Basis of Preparation

The interim condensed consolidated financial information for the six-month period ended 30 June 2019 (the "Interim Financial Information") has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited.

In August 2018, the Group's entire interests in the car-park business (the "Car-Park Business") had been disposed and the Group ceased and discontinued the Car-Park Business. In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the Car-Park Business was classified as a discontinued operation and the operating results of the Car-Park Business has been presented as a discontinued operation (the "Discontinued Operation") in the interim condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2019. The comparative figures for the interim condensed consolidated statement of profit or loss and other comprehensive income and related notes have been restated to reflect the reclassification between continuing operations and the discontinued operation accordingly.

The Interim 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 consolidated financial statements for the year ended 31 December 2018.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures *(Continued)*

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

Other than as explained below regarding the impact of IFRS 16 *Leases*, Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* and IFRIC 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Interim Financial Information. The nature and impact of the new and revised IFRSs are described below:

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

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

2. Basis of Preparation and Changes in Accounting Policies and Disclosures *(Continued)*

2.2 Changes in Accounting Policies and Disclosures *(Continued)*

(a) *(Continued)*

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

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

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for certain office premises. 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.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures *(Continued)*

2.2 Changes in Accounting Policies and Disclosures *(Continued)*

(a) *(Continued)*

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

Impacts on transition

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

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the interim condensed consolidated 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 interim condensed consolidated statement of financial position.

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

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

2. Basis of Preparation and Changes in Accounting Policies and Disclosures *(Continued)*

2.2 Changes in Accounting Policies and Disclosures *(Continued)*

(a) *(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	974
Decrease in prepaid land lease payments	(942)
Decrease in prepayments and other receivables	(32)
Increase in total assets	–
Liabilities	
Increase in interest-bearing bank and other borrowings	2,880
Decrease in other current financial liabilities	(2,880)
Increase in total liabilities	–

2. Basis of Preparation and Changes in Accounting Policies and Disclosures *(Continued)*

2.2 Changes in Accounting Policies and Disclosures *(Continued)*

(a) *(Continued)*

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

Impacts on transition *(Continued)*

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	72
Less: commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(72)
Add: lease payables recognised in other current financial liabilities as at 31 December 2018	2,880
Lease liabilities as at 1 January 2019	2,880

Summary of new accounting policy

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**
  The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised 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 its estimated useful life and the lease term.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures *(Continued)*

2.2 Changes in Accounting Policies and Disclosures *(Continued)*

(a) *(Continued)*

Summary of new accounting policy *(Continued)*

- **Lease liabilities**

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

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

- **Short-term leases and leases of low-value assets**

  The Group applies the short-term lease recognition exemption to its short-term leases of certain office premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low-value (i.e., below RMB40,000). Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures *(Continued)*

2.2 Changes in Accounting Policies and Disclosures *(Continued)*

(a) *(Continued)*

Summary of new accounting policy *(Continued)*

- **Significant judgement in determining the lease term of contracts with renewal options**

  The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

The carrying amounts of the Group's right-of-use assets and lease liabilities (included within "interest-bearing bank and other borrowings"), and the movement during the period are as follow:

	Right-of-use assets	
	Prepaid land lease payments	**Lease liabilities**
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
As at 1 January 2019	974	2,880
Amortisation charge	(16)	–
As at 30 June 2019	958	2,880

The Group recognised rental expenses from short-term leases of RMB654,000 for the six-month period ended 30 June 2019.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures *(Continued)*

2.2 Changes in Accounting Policies and Disclosures *(Continued)*

(b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in an associate upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in an associate continues to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the Interim Financial Information.

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

3. Segment Information

Operating Segment Information

For management purposes, the Group is organised into business units based on their products and has three reportable operating segments as follows:

Trading Business	–	supply and trading of iron ore and coals
Iron Concentrate Business	–	mining, processing and sale of iron concentrates
Gabbro-Diabase and Stone Business	–	mining, processing and sale of gabbro-diabase and stone products

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude restricted bank deposits, cash and cash equivalents and other unallocated head office and corporate assets, which are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, income tax payables and other unallocated head office and corporate liabilities, which are managed on a group basis.

The segment information reported below does not include any amounts for the Discontinued Operation, which is described in more details in Note 8 to the Interim Financial Information, and the comparative figures in the segment information for the period ended 30 June 2018 have been represented.

3. Segment Information *(Continued)*

Operating Segment Information *(Continued)*

The following tables present revenue and results information for the Group's operating segments for the six-month periods ended 30 June 2019 and 2018, respectively.

	Trading Business RMB'000	Iron Concentrate Business RMB'000	Gabbro-Diabase and Stone Business RMB'000	Total RMB'000
Six-month period ended 30 June 2019 (Unaudited)				
Segment Revenue: *(Note 4)*				
Sales to external customers and revenue from continuing operations	359,174	–	190	359,364
Segment Results	19,953	(10,465)	(7,795)	1,693
Reconciliation:				
Interest income				3,083
Corporate and other unallocated expenses				(11,374)
Interest expenses				(4,977)
Loss before tax from continuing operations				(11,575)

	Trading Business RMB'000	Iron Concentrate Business RMB'000	Gabbro-Diabase and Stone Business RMB'000	Segment Total RMB'000	Corporate RMB'000	Consolidated RMB'000
Six-month period ended 30 June 2019 (Unaudited)						
Other segment information:						
Write-down of inventories to net realisable value	–	1,697	–	1,697	–	1,697
Impairment losses on prepayments and other receivables	–	6,650	–	6,650	–	6,650
Impairment losses on other current financial assets at amortised cost	–	750	–	750	–	750
Depreciation and amortisation	16	1,368	381	1,765	147	1,912
Share of losses of an associate	–	–	–	–	50	50
Capital expenditure from continuing operations	–	–	–	–	4	4

3. Segment Information *(Continued)*

Operating Segment Information *(Continued)*

	Trading Business RMB'000	Iron Concentrate Business RMB'000	Gabbro-Diabase and Stone Business RMB'000	Total RMB'000
Six-month period ended 30 June 2018 (Unaudited) (Restated)				
Segment Revenue: *(Note 4)*				
Sales to external customers and revenue from continuing operations	117,085	–	83	117,168
Segment Results	250	(60,618)	(8,639)	(69,007)
Reconciliation:				
Interest income				2,646
Corporate and other unallocated expenses				(15,130)
Interest expenses				(2,728)
Loss before tax from continuing operations				(84,219)

	Trading Business RMB'000	Iron Concentrate Business RMB'000	Gabbro-Diabase and Stone Business RMB'000	Segment Total RMB'000	Corporate RMB'000	Consolidated RMB'000
Six-month period ended 30 June 2018 (Unaudited) (Restated)						
Other segment information:						
Reversal of write-down of inventories to net realisable value	–	–	(16)	(16)	–	(16)
Impairment losses on property, plant and equipment	–	57,782	–	57,782	–	57,782
Impairment losses on intangible assets	–	216	–	216	–	216
Impairment losses on prepaid land lease payments	–	296	–	296	–	296
Impairment losses on prepayments and other receivables	–	456	425	881	–	881
Depreciation and amortisation	–	1,779	383	2,162	181	2,343
Share of losses of an associate	–	–	–	–	13	13
Capital expenditure from continuing operations	–	–	133	133	3	136

3. Segment Information *(Continued)*

Operating Segment Information *(Continued)*

The following tables present assets and liabilities information for the Group's operating segments as at 30 June 2019 and 31 December 2018, respectively.

	Trading Business RMB'000	Iron Concentrate Business RMB'000	Gabbro-Diabase and Stone Business RMB'000	Total RMB'000
30 June 2019 (Unaudited)				
Segment assets	**201,923**	**195,268**	**4,839**	**402,030**
Corporate and other unallocated assets				**562,178**
Total assets				**964,208**
Segment liabilities	**157,639**	**12,635**	**76,936**	**247,210**
Corporate and other unallocated liabilities				**451,607**
Total liabilities				**698,817**
31 December 2018 (Audited)				
Segment assets	58,429	208,066	5,743	272,238
Corporate and other unallocated assets				338,670
Total assets				610,908
Segment liabilities	9,661	15,555	67,435	92,651
Corporate and other unallocated liabilities				238,301
Total liabilities				330,952

3. Segment Information *(Continued)*

Geographical Segment Information

(a) Revenue from external customers

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Hong Kong	**355,028**	91,460
Mainland China	**4,336**	25,708
	359,364	117,168

(b) Non-current assets

The majority of the Group's non-current assets were located in the PRC in both periods.

Information about major customers

The analysis of the Group's major customers, which a single external customer has contributed 10% or more to the Group's revenue, is as follows:

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Customer A	**138,407**	N/A[1]
Customer B	**130,655**	N/A[1]
Customer C	**58,138**	41,572
Customer D	**N/A[1]**	25,375
Customer E	**N/A[1]**	17,246
Customer F	**N/A[1]**	16,718
Customer G	**N/A[1]**	15,924

The revenue contributed by the above major customers are attributable to the Trading Business segment in both periods.

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. Revenue

An analysis of revenue is as follows:

	Six-month period ended 30 June	
	2019 **RMB'000** **(Unaudited)**	2018 RMB'000 (Unaudited) (Restated)
Revenue from contracts with customers	**359,364**	117,168

Disaggregated revenue information for revenue from contracts with customers

For the six-month period ended 30 June 2019 (Unaudited)

Segments	**Trading Business RMB'000**	**Iron Concentrate Business RMB'000**	**Gabbro-Diabase and Stone Business RMB'000**	**Total RMB'000**
Type of goods				
Sale of iron ore	**355,028**	**–**	**–**	**355,028**
Sale of coals	**4,146**	**–**	**–**	**4,146**
Sale of stone products	**–**	**–**	**190**	**190**
Total revenue from contracts with customers	**359,174**	**–**	**190**	**359,364**
Geographical markets				
Hong Kong	**355,028**	**–**	**–**	**355,028**
Mainland China	**4,146**	**–**	**190**	**4,336**
Total revenue from contracts with customers	**359,174**	**–**	**190**	**359,364**
Timing of revenue recognition				
At a point in time	**359,174**	**–**	**190**	**359,364**

4. Revenue *(Continued)*

Disaggregated revenue information for revenue from contracts with customers *(Continued)*

For the six-month period ended 30 June 2018 (Unaudited) (Restated)

Segments	Trading Business RMB'000	Iron Concentrate Business RMB'000	Gabbro-Diabase and Stone Business RMB'000	Total RMB'000
Type of goods				
Sale of iron ore	116,835	–	–	116,835
Sale of coals	250	–	–	250
Sale of stone products	–	–	83	83
Total revenue from contracts with customers	117,085	–	83	117,168
Geographical markets				
Hong Kong	91,460	–	–	91,460
Mainland China	25,625	–	83	25,708
Total revenue from contracts with customers	117,085	–	83	117,168
Timing of revenue recognition				
At a point in time	117,085	–	83	117,168

5. Loss Before Tax from Continuing Operations

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

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Cost of sales	**338,788**	116,542
Depreciation of items of property, plant and equipment	**1,896**	2,322
Amortisation of right-of-use assets	**16**	–
Amortisation of prepaid land lease payments	**–**	21
Estimated possible payments on the outstanding gabbro-diabase resources fee payable	**7,776**	7,776
Write-down of/(reversal of write-down of) inventories to net realisable value	**1,697**	(16)
Minimum lease payments under operating leases for office tenancy	**654**	575
Gross rental income from leasing of equipment	**288**	–
Less: direct operating expenses	**(65)**	–
	223	–

6. Finance Expense, Net

An analysis of the Group's net finance expense is as follows:

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Bank interest income	**3,083**	2,646
Interest on bank and other borrowings	**(4,455)**	(2,074)
Other borrowing costs	**(522)**	(654)
Net foreign exchange gain/(losses)	**438**	(3,959)
Bank charges	**(221)**	(131)
Finance expense, net	**(1,677)**	(4,172)

7. Income Tax Expenses

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six-month periods ended 30 June 2019 and 2018.

The provision for the PRC corporate income tax ("CIT") is based on the CIT rate applicable to the entities located in or deemed to be operating in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC for the six-month periods ended 30 June 2019 and 2018.

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Current – Hong Kong		
Charge for the period	**2,974**	6
Over-provision in prior periods	**–**	(6)
Current – Mainland China	**167**	–
Total tax charge for the period from continuing operations	**3,141**	–

There is no tax charge from the Discontinued Operation for the six-month periods ended 30 June 2019 and 2018.

The Group has no unrecognised tax loss from continuing operations arising from entities operating in Hong Kong as at 30 June 2019 and 31 December 2018. The Group has unrecognised tax losses arising from entities operating in Mainland China of RMB127,984,000 (31 December 2018: RMB145,573,000) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these tax losses as it is considered not probable that sufficient taxable profits will be available against which the unused tax losses can be utilised by the Group.

8. Discontinued Operation

Upon the completion of the disposal of the Car-Park Business in August 2018, the Group ceased and discontinued the business of the operation and management of car-parking spaces.

The results of the Discontinued Operation for the respective periods are presented below:

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	**–**	1,155
Cost of sales	**–**	(1,388)
Administrative expenses	**–**	(409)
Finance expense, net	**–**	(1)
Loss before tax from the Discontinued Operation	**–**	(643)
Income tax expense	**–**	–
Loss for the period from the Discontinued Operation	**–**	(643)

Loss for the period from the Discontinued Operation is arrived at after charging:

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of services provided	**–**	1,388
Depreciation of items of property, plant and equipment	**–**	26

8. Discontinued Operation *(Continued)*

The net cash flows incurred by the Discontinued Operation are as follows:

	Six-month period ended 30 June	
	2019 **RMB'000** **(Unaudited)**	2018 RMB'000 (Unaudited)
Operating activities	**–**	(2,935)
Investing activities	**–**	–
Financing activities	**–**	(1)
Effect of foreign exchange rate changes, net	**–**	14
Net cash outflows	**–**	(2,922)

	Six-month period ended 30 June	
	2019 **(Unaudited)**	2018 (Unaudited)
Loss per share from the Discontinued Operation:		
Basic and diluted *(RMB cents)*	**–**	(0.01)

The calculation of basic loss per share from the Discontinued Operation is based on:

	Six-month period ended 30 June	
	2019 **(Unaudited)**	2018 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company from the Discontinued Operation, used in the basic loss per share calculation *(RMB'000)*	**–**	(334)
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic loss per share calculation *(thousands of shares) (Note 10)*	**4,000,000**	4,000,000

Diluted loss per share was the same as the basic loss per share as the Company had no potentially dilutive ordinary shares in issue during the six-month periods ended 30 June 2019 and 2018.

9. Dividend

The directors do not recommend the payment of an interim dividend to shareholders for the six-month period ended 30 June 2019 (six-month period ended 30 June 2018: Nil).

10. Loss Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 4,000,000,000 in issue during the periods ended 30 June 2019 and 2018.

The calculation of basic loss per share is based on:

	Six-month period ended 30 June	
	2019 (Unaudited)	2018 (Unaudited) (Restated)
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation		
From continuing operations *(RMB'000)*	**(14,485)**	(83,470)
From the Discontinued Operation *(RMB'000)*	**–**	(334)
	(14,485)	(83,804)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation *(thousands of shares)*	**4,000,000**	4,000,000

Diluted loss per share was the same as the basic loss per share as the Company had no potentially dilutive ordinary shares in issue during the six-month periods ended 30 June 2019 and 2018.

11. Property, Plant and Equipment

	Buildings RMB'000 (Unaudited)	Motor vehicles, fixtures and others RMB'000 (Unaudited)	Machinery RMB'000 (Unaudited)	Mining infrastructure RMB'000 (Unaudited)	Construction in progress RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Cost:						
At 31 December 2018 and 1 January 2019	**62,239**	**5,773**	**104,403**	**165,199**	**402,992**	**740,606**
Additions	**–**	**4**	**–**	**–**	**–**	**4**
At 30 June 2019	**62,239**	**5,777**	**104,403**	**165,199**	**402,992**	**740,610**
Accumulated depreciation and impairment:						
At 31 December 2018 and 1 January 2019	**(47,828)**	**(4,408)**	**(85,466)**	**(114,406)**	**(284,962)**	**(537,070)**
Provided for the period	**(469)**	**(170)**	**(1,257)**	**–**	**–**	**(1,896)**
At 30 June 2019	**(48,297)**	**(4,578)**	**(86,723)**	**(114,406)**	**(284,962)**	**(538,966)**
Net carrying amount:						
At 30 June 2019	**13,942**	**1,199**	**17,680**	**50,793**	**118,030**	**201,644**
At 31 December 2018	14,411	1,365	18,937	50,793	118,030	203,536

During the six-month period ended 30 June 2018, the Group's addition of items of property, plant and equipment with an aggregate cost of RMB136,000 and no property, plant and equipment was disposed.

The net carrying amounts of the Group's property, plant and equipment of RMB2,517,000 were leased out under operating lease at 30 June 2019 (Nil as at 31 December 2018).

Impairment assessment for the six-month period ended 30 June 2019

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

For the purposes of impairment assessment, the Group's non-current assets are mainly located at the Yanjiazhuang Mine and divided among the iron concentrate CGU (also known as the Iron Concentrate Business segment) and the gabbro-diabase and stone CGU (also known as the Gabbro-Diabase and Stone Business segment), which are treated as two separate CGUs.

11. Property, Plant and Equipment *(Continued)*

Impairment assessment for the six-month period ended 30 June 2019 *(Continued)*

Iron Concentrate CGU:

During the six-month period ended 30 June 2019, in assessing whether impairment is required, the management of Xingye Mining had considered information and inputs to the model in estimating the recoverable amounts of the assets of iron concentrate CGU including, but not limited to, recoverable reserves, budgeted gross margins, production volumes and production start date, capital expenditures and discount rate.

The Group had also made reference to the valuation report as of 30 June 2019 issued by an independent professionally qualified valuer and the assessment of the recoverable amounts of the assets of iron concentrate CGU as at that date are approximate to its carrying values. Therefore, no impairment provision has been made during the six-month period ended 30 June 2019.

The pre-tax discount rate applied to the cash flow projections is of approximately 23.17% (31 December 2018: approximately 22.65%).

Gabbro-Diabase and Stone CGU:

During the six-month period ended 30 June 2019, there was no impairment loss recognised for the assets of gabbro-diabase and stone CGU.

12. Intangible Assets

The Group's intangible assets represent the Mining Permit of the Yanjiazhuang Mine located in Lincheng County, Hebei Province, the PRC. The Mining Permit had expired on 26 July 2017. The application for the Renewal had been made by the management of Xingye Mining, the registered holder of the Mining Permit, to the relevant government authorities in the PRC. Since then, the management of Xingye Mining keeps working closely with various PRC government authorities in respect of the Renewal. During the Reporting Period, the management of Xingye Mining is preparing additional documents to meet the requirements for the Renewal. According to the local authority, Xingye Mining could re-submit the Renewal application once it has resolved and obtained certain requisite documents, including, among others, the adjustment to the mining area, the settlement of remaining outstanding resources fees, and certain documents and reports to support the Renewal application. The management of Xingye Mining has been working closely with the local authority to finding a mutually agreeable solution to the adjustment to the mining area, including the proposal to narrow down the Yanjiazhuang Mine area (as aforesaid). The management of Xingye Mining has also commenced the preparation of the required reports with a view to further proceeding with the Renewal application. The Group has not received any notice in respect of the rejection of the Renewal application or the withdrawal of the Mining Permit from the relevant government authorities.

13. Trade and Bills Receivables

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Bills receivables	**153,470**	–

The Group's trading terms with its customers generally require deposits or an usance letter of credit up to a tenor of 120 days within five days after the bill of lading date, except for creditworthy customers to whom credits are granted. The credit periods generally range from seven days to four months. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The Group has not held any collateral or other credit enhancements over its bills receivables balances.

As at 30 June 2019 and 31 December 2018, the trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 1 month	**153,470**	–

14. Financial Assets and Financial Liabilities

Set out below is an overview of financial assets, other than restricted bank deposits and cash and cash equivalents, held by the Group as at 30 June 2019 and 31 December 2018.

	Note	**30 June 2019 RMB'000 (Unaudited)**	31 December 2018 RMB'000 (Audited)
Financial assets at amortised cost:			
Trade and bills receivables	13	**153,470**	–
Other current financial assets at amortised cost *(Note (a))*		**51,139**	58,955
Financial assets at fair value through profit or loss:			
Iron ore futures/swap contracts *(Note (b))*		**831**	–
Total		**205,440**	58,955

Notes:

(a) As at 30 June 2019, the balance mainly represented trade deposit to a supplier of RMB33,000,000 (RMB50,000,000 as at 31 December 2018).

(b) It represents net open positions of iron ore futures or swaps traded in an active market with a positive contract value as at 30 June 2019.

Set out below is an overview of financial liabilities of the Group as at 30 June 2019 and 31 December 2018.

	Notes	**30 June 2019 RMB'000 (Unaudited)**	31 December 2018 RMB'000 (Audited)
Financial liabilities at amortised cost:			
Trade and bills payables	17	**151,799**	1,125
Other current financial liabilities *(Notes (c) and (d))*		**92,001**	84,193
Interest-bearing bank and other borrowings	18	**428,720**	219,050
Non-current financial liabilities		**500**	500
Total		**673,020**	304,868

14. Financial Assets and Financial Liabilities *(Continued)*

Notes:

(c) As at 30 June 2019, included in the balance of other current financial liabilities were the gabbro-diabase resources fee payable and accrual for the estimated possible payments accrued thereon of RMB21,480,000 and RMB44,392,000 respectively (RMB21,480,000 and RMB36,616,000 respectively as at 31 December 2018). In respect of the Mining Permit for gabbro-diabase at the Yanjiazhuang Mine, the remaining three instalments of the resources fee payable, together with the associated cost of funds, were due for settlement, but remained unpaid up to date. In view of the tightening environmental protection measures and unfavourable economic and market outlook, the management of Xingye Mining has been in communication with the relevant government authorities and seeking to negotiate for more favourable payment terms. However, the negotiations have yet to turn into any attainment.

(d) As of 30 June 2019, included in the balance of other current financial liabilities was an interest payable of RMB224,000 due to a subsidiary of a substantial shareholder of the Company (Nil as at 31 December 2018).

Risk management activities

The Group started to adopt the hedging tools such as iron ore futures and swaps to manage the operational risks that may arise from the trading of iron ore. During the Reporting Period, the Group has started to manage its exposure over iron ore price fluctuation by entering into iron ore futures and swaps. Through these hedging instruments, the Group shall be able to hedge against fluctuations in iron ore prices arising from the Trading Business. For the six-month period ended 30 June 2019, the Group recognised a net fair value gain of RMB7,437,000 (Nil for the six-month period ended 30 June 2018) from hedging through iron ore futures and swaps, which had been included in the Group's cost of sales.

As at 30 June 2019, the Group had open positions of iron ore futures for net purchases of 55,000 tonnes expiring by end of August 2019 with a positive contract value of US$121,000 (equivalent to RMB831,000) (Nil as at 31 December 2018) which has been recognised in financial assets at fair value through profit or loss.

Fair Values

Management has assessed that the fair values of restricted bank deposits, cash and cash equivalents, trade and bills receivables, other current financial assets at amortised cost, trade and bills payables, other current financial liabilities and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the non-current financial liabilities are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

As at 30 June 2019, the Group's iron ore futures and swaps which are classified as financial assets at fair value through profit or loss are measured using the quoted prices in an active market.

15. Restricted Bank Deposits

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Restricted bank deposits to secure the issuance of letters of credit *(Note (a))*	**172,781**	–
Restricted bank deposits to secure an interest-bearing bank borrowing *(Note (b))*	**219,925**	219,050
Total	**392,706**	219,050

Notes:

(a) As at 30 June 2019, the balance represented bank deposits restricted by a bank to secure the issuance of letters of credit. The restricted bank deposits amounting to RMB172,781,000 will be utilised or released upon the settlement of the letters of credit, which will be within twelve months from the end of the reporting period and are therefore classified as current assets (Nil as at 31 December 2018). The restricted bank deposits as at 30 June 2019 are denominated in USD.

(b) As at 30 June 2019, the Group had restricted bank deposits of HK$250,000,000, in aggregate, (equivalent to RMB219,925,000 and RMB219,050,000 as at 30 June 2019 and 31 December 2018, respectively) to secured an interest-bearing bank borrowing (Note 18).

16. Cash and Cash Equivalents

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Cash and bank balances	**32,600**	16,875
Time deposits	**112,806**	81,078
Cash and cash equivalents	**145,406**	97,953

16. Cash and Cash Equivalents *(Continued)*

The Group's cash and cash equivalents are denominated in the following currencies as at 30 June 2019 and 31 December 2018:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Cash and cash equivalents denominated in:		
RMB	**27,062**	66,555
HK$	**10,244**	4,237
US$	**108,100**	27,161
	145,406	97,953

17. Trade and Bills Payables

The Group's purchases are substantially made under usance letters of credit up to a tenor of 120 days. An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 3 months	**150,674**	322
3 months to 1 year	**322**	–
Over 1 year	**803**	803
	151,799	1,125

The Group's trade and bills payables are non-interest bearing as at 30 June 2019 and 31 December 2018.

18. Interest-Bearing Bank and Other Borrowings

	30 June 2019		31 December 2018	
	Effective interest rate (%) (Unaudited)	RMB'000 (Unaudited)	Effective interest rate (%) (Audited)	RMB'000 (Audited)
Current				
Bank borrowing	**3.1**	**219,925**	3.3	219,050
Other loans	**6.0-10.0**	**205,915**	–	–
Lease liabilities		**2,880**		–
		428,720		219,050

(a) Certain of the Group's bank and other borrowings as at 30 June 2019 were secured by:

(i) certain of the Group's time deposits of HK$250.0 million (equivalent to RMB219,925,000 and RMB219,050,000 as at 30 June 2019 and 31 December 2018, respectively) (Note 15);

(ii) share charges and corporate guarantee by the Company's shareholders (Nil as at 31 December 2018); and

(iii) personal guarantee by the Company's director (Nil as at 31 December 2018).

(b) Except for other loan of RMB34,374,000 which is unsecured and denominated in United States dollars and lease liabilities of RMB2,880,000 which are unsecured and denominated in RMB, all the borrowings are secured and denominated in Hong Kong dollars.

(c) Included in other loans was a loan of RMB34,374,000 from a subsidiary of a substantial shareholder of the Company (Nil as at 31 December 2018) (Note 23).

19. Share Capital

Shares

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK$0.1 each	**1,000,000**	1,000,000
	RMB'000 (Unaudited)	RMB'000 (Audited)
Issued and fully paid:		
4,000,000,000 ordinary shares of HK$0.1 each, totally HK$400,000,000	**331,960**	331,960

20. Share Option Scheme

The Company operates a share option scheme, approved on 9 April 2010. No share option has been granted under the share option scheme.

21. Operating Lease Arrangements

(a) As lessor

The Group leased out certain of its equipment under operating lease arrangement during the period, with a lease negotiated for a term of three years and all terms will be renegotiated upon expiry (Nil as at 31 December 2018). The terms of the lease also require the tenant to pay a security deposit.

(b) As lessee

As at 30 June 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	**–**	72

22. Commitments

In addition to the operating lease commitments detailed in Note 21 above, the Group had the following capital commitments at the end of the reporting periods:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted, but not provided for:		
– Property, plant and equipment	**38,845**	38,595
– Consideration payable under the Assignment and Novation Agreement *(Note 24)*	**131,940**	–
	170,785	38,595

23. Related Party Transactions

In addition to the transactions detailed elsewhere in the Interim Financial Information, the Group had the following transactions with related parties during the period:

(a) Related party transactions

	Notes	Six-month period ended 30 June **2019** **RMB'000** **(Unaudited)**	 2018 RMB'000 (Unaudited) (Restated)
Continuing Operations			
Purchases of iron ores from an indirect wholly-owned subsidiary of a 30%-controlled company of a substantial shareholder of the Company *(Note)*		**27,348**	59,114
Leasing of office premises from a subsidiary of a substantial shareholder of the Company		**–**	471
Information technology management and support service fees paid to a subsidiary of a substantial shareholder of the Company		**98**	92
Loan received from a subsidiary of a substantial shareholder of the Company	18	**34,374**	–
Interest expense to a subsidiary of a substantial shareholder of the Company	14	**224**	–
Discontinued Operation			
Administrative and services support from a subsidiary of a substantial shareholder of the Company		**–**	440

Note:

The purchases from an indirect wholly-owned subsidiary of a 30%-controlled company of a substantial shareholder of the Company were made according to the published prices and conditions offered by that company to their customers.

23. Related Party Transactions *(Continued)*

(b) Outstanding balances with related parties

The Group had a loan from and interest payable to a subsidiary of a substantial shareholder of the Company of RMB34,374,000 and RMB224,000 respectively as at 30 June 2019 (Nil as at 31 December 2018). Details of these balances are disclosed in Note 18 and Note 14 respectively to the Interim Financial Information.

(c) Compensation of key management personnel

	Six-month period ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	**456**	503
Salaries, allowances and benefits in kind	**2,121**	1,908
Pension scheme contributions	**16**	11
	2,593	2,422

24. Events after the Reporting Period

The Company entered into the assignment and novation agreement (the "Assignment and Novation Agreement") with Shougang Concord International Enterprises Company Limited ("Shougang Concord International") on 31 May 2019 for the acquisition of the contractual right to purchase hematite ore from the hematite mine (the "Hematite Mine") which is owned by Koolan Iron Ore Pty Limited ("Koolan").

Pursuant to the Assignment and Novation Agreement, Shougang Concord International and its subsidiary SCIT Trading Limited ("SCIT") shall assign and novate their respective rights and obligations under the long term hematite supply agreement (the "Long Term Hematite Supply Agreement") to the Company and Ace Profit Investment Limited ("Ace Profit") (an indirect wholly-owned subsidiary of the Company) (through the novation deed (the "Novation Deed") and the restated long term hematite supply agreement (the "Restated Long Term Hematite Supply Agreement")) for a total consideration of HK$150 million.

24. Events after the Reporting Period *(Continued)*

Pursuant to the offtake arrangement under the Restated Long Term Hematite Supply Agreement, Koolan shall supply and sell hematite ore to be derived from the Hematite Mine in such annual quantity as equals 80% of Koolan's total available production to Ace Profit during each contract year from the effective date of the Novation Deed to the date of permanent cessation of Koolan's mining operations at the Hematite Mine. Further details of the Assignment and Novation Agreement, the Novation Deed and the Restated Long Term Hematite Supply Agreement are set out in the announcement of the Company dated 31 May 2019 and the circular of the Company dated 8 July 2019, respectively. Subsequent to the end of the Reporting Period, the transactions contemplated under the Assignment and Novation Agreement, the Novation Deed and the Restated Long Term Hematite Supply Agreement have been approved by the independent Shareholders in the extraordinary general meeting of the Company held on 24 July 2019 with completion on 7 August 2019.

Save as disclosed above and elsewhere in the Interim Financial Information of the Company, there is no other significant event affecting the Group which has occurred since 30 June 2019 and up to the date of approval of the Interim Financial Information.

25. Comparative Amounts

The comparative interim condensed consolidated statement of profit or loss and other comprehensive income has been represented as if the Car-Park Business discontinued at the beginning of the comparative period (Note 8).

26. Approval of the Interim Financial Information

The Interim Financial Information were approved and authorised for issue by the board of directors of the Company on 29 August 2019.

Other Information

Corporate Governance Practices

As part of the Company's unwavering commitment to high standards of corporate governance, it has adopted all applicable Code Provisions and, where appropriate, Recommended Best Practices as set out in the CG Code throughout the Reporting Period. So far as known to the Directors, there has been no material deviation from the CG Code during the Reporting Period.

The Company continues to enhance its corporate governance practices appropriate to the conduct and growth of its business, and to review and improve such practices from time to time to ensure that business activities and decision making processes are regulated in a proper and prudent manner in accordance with international best practices.

During the Reporting Period, the Company did not have a chief executive officer and the function is divided among the executive Directors.

Further information of the Company's corporate governance practices can be found in the "Corporate Governance" section under "Investor Relations" on the Company's website.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with all Directors, the Directors have confirmed their compliance with the required standard set out in the Model Code during the Reporting Period.

Changes in Director's Information

The changes in the Director's information since the disclosure made in the 2018 Annual Report are set out below:

Name of Director	Details of Changes
Mr. Shin Yick, Fabian	• Appointed as an independent director of Olympic Circuit Technology Co., Ltd (stock code: 603920), which is a company listed on the Shanghai Stock Exchange, with effect from 23 May 2019. • Appointed as an independent non-executive director of Zhengye International Holdings Company Limited (stock code: 3363), which is a company listed on Main Board of the Stock Exchange, with effect from 31 May 2019.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

Other Information

Audit Committee and Review of Interim Results

The Audit Committee was established in accordance with requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls, and external and internal audits. The Audit Committee has three members comprising two independent non-executive Directors, namely Mr. Tsui King Fai (chairman) and Mr. Shin Yick, Fabian, and a non-executive Director namely Mr. Wu Wai Leung, Danny. The members of the Audit Committee possess appropriate professional qualifications, including membership of the Hong Kong Institute of Certified Public Accountants, and/or expertise in business, investment and financial management. The Audit Committee has reviewed with the management of the Company the unaudited interim results and the interim report of the Company for the Reporting Period containing the unaudited interim condensed consolidated financial information of the Group for the Reporting Period, the accounting principles and practices adopted by the Group, with no disagreement, and discussed internal auditing, internal controls and risk management matters. In addition, the Company's auditor, Messrs. Ernst & Young has reviewed the unaudited interim condensed consolidated financial information of the Group for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures

As at 30 June 2019, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

The Company adopted a share option scheme on 9 April 2010. No share option had been granted under the share option scheme since its adoption date (Details in Note 20 to the interim condensed consolidated financial information).

Other Information

Substantial Shareholders' and Other Parties' Interests in Shares and Underlying Shares

Long Position in Shares

As at 30 June 2019, so far as known to any Director or chief executive of the Company, the following parties (other than Directors or chief executive of the Company) had interests in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Nature of interest	Total number of Shares held	Approximate percentage of total issued Shares
Mak Siu Hang, Viola(1) & (2)	Interest of controlled corporation	1,149,744,000	28.74%
VMS Investment Group Limited ("VMSIG")(1) & (2)	Beneficial interest, interest of controlled corporation	1,149,744,000	28.74%
Fast Fortune Holdings Limited ("Fast Fortune")(1) & (2)	Beneficial interest	360,000,000	9.00%
Chu Yuet Wah(3)	Interest of controlled corporation	500,000,000	12.50%
Best Forth Limited(3)	Interest of controlled corporation	500,000,000	12.50%
Ample Cheer Limited(3)	Interest of controlled corporation	500,000,000	12.50%
Kingston Finance Limited ("Kingston")(3)	Person having a security interest in shares	500,000,000	12.50%
Shougang Group Co., Ltd.(4)	Interest of controlled corporation	1,098,570,000	27.46%
Shougang Holding (Hong Kong) Limited ("Shougang Hong Kong")(4)	Interest of controlled corporation	1,098,570,000	27.46%
Lord Fortune Enterprises Limited ("Lord Fortune")(4)	Beneficial interest	370,000,000	9.25%
Plus All Holdings Limited ("Plus All")(4)	Beneficial interest	728,570,000	18.21%
Cheng Yu Tung Family (Holdings) Limited(5)	Interest of controlled corporation	620,000,000	15.50%
Cheng Yu Tung Family (Holdings II) Limited(6)	Interest of controlled corporation	620,000,000	15.50%
Chow Tai Fook Capital Limited ("CTF Capital")(7)	Interest of controlled corporation	620,000,000	15.50%
Chow Tai Fook (Holding) Limited ("CTF Holding")(8)	Interest of controlled corporation	620,000,000	15.50%

Substantial Shareholders' and Other Parties' Interests in Shares and Underlying Shares *(Continued)*

Long Position in Shares *(Continued)*

Name of Shareholder	Nature of interest	Total number of Shares held	Approximate percentage of total issued Shares
Chow Tai Fook Enterprises Limited ("CTF Enterprises")(9)	Interest of controlled corporation	620,000,000	15.50%
New World Development Company Limited ("NWD")(10)	Interest of controlled corporation	620,000,000	15.50%
NWS Holdings Limited ("NWS")(11)	Interest of controlled corporation	620,000,000	15.50%
NWS Resources Limited ("NWS Resources")(11)	Interest of controlled corporation	620,000,000	15.50%
NWS Mining Limited ("NWS Mining")(11)	Interest of controlled corporation	620,000,000	15.50%
Modern Global Holdings Limited ("Modern Global")(11)	Interest of controlled corporation	620,000,000	15.50%
Perfect Move Limited ("Perfect Move")(11)	Interest of controlled corporation	620,000,000	15.50%
Faithful Boom Investments Limited ("Faithful Boom")(11)	Beneficial interest	620,000,000	15.50%

Notes:

(1) Fast Fortune and VMSIG held 360,000,000 Shares and 789,744,000 Shares as beneficial owners, respectively. Ms. Mak Siu Hang, Viola held a 100% direct interest in VMSIG. Fast Fortune was a wholly-owned subsidiary of VMSIG. Therefore, Ms. Mak Siu Hang, Viola was deemed to be interested in all the Shares held by each of VMSIG and Fast Fortune, and VMSIG was deemed to be interested in all the Shares held by Fast Fortune.

(2) Fast Fortune and VMSIG pledged 100,000,000 Shares and 400,000,000 Shares beneficially owned by them respectively in favour of Kingston to secure a loan granted to the Company.

(3) Security interest in 500,000,000 Shares was held by Kingston, which was wholly-owned by Ample Cheer Limited, which was in turn owned as to 20% by Insight Glory Limited and owned as to 80% by Best Forth Limited, both of which were wholly-owned by Ms. Chu Yuet Wah. Therefore, each of Ms. Chu Yuet Wah, Best Forth Limited and Ample Cheer Limited was deemed to be interested in all the security interest held by Kingston.

Substantial Shareholders' and Other Parties' Interests in Shares and Underlying Shares *(Continued)*

Long Position in Shares *(Continued)*

Notes: (Continued)

(4) Shougang Group Co., Ltd. held a 100% direct interest in Shougang Hong Kong. Lord Fortune and Plus All were wholly-owned subsidiaries of Shougang Hong Kong. Therefore, Shougang Group Co., Ltd. and Shougang Hong Kong were both deemed to be interested in all the Shares held by Lord Fortune and Plus All.

(5) Cheng Yu Tung Family (Holdings) Limited held approximately 48.98% direct interest in CTF Capital and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by CTF Capital.

(6) Cheng Yu Tung Family (Holdings II) Limited held approximately 46.65% direct interest in CTF Capital and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by CTF Capital.

(7) CTF Capital held approximately 81.03% direct interest in CTF Holding and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by CTF Holding.

(8) CTF Holding held 100% direct interest in CTF Enterprises and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by CTF Enterprises.

(9) CTF Enterprises held more than one-third of the issued shares of NWD and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by NWD.

(10) NWD held more than 60% direct interest in NWS and was accordingly deemed to have an interest in the Shares interested by or deemed to be interested by NWS.

(11) NWS held a 100% direct interest in NWS Resources, which held a 100% direct interest in NWS Mining. NWS Mining held a 100% interest in Modern Global, which held a 100% direct interest in Perfect Move. Faithful Boom was a wholly-owned subsidiary of Perfect Move. Therefore, NWS, NWS Resources, NWS Mining, Modern Global and Perfect Move were all deemed to be interested in all the Shares held by Faithful Boom.

Save as disclosed above, the Directors are not aware of any persons who, as at 30 June 2019, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Glossary of Terms

In this interim report, unless the context otherwise requires, the following expressions have the meanings as mentioned below:

"2018 Annual Report"	the annual report of the Company for the year ended 31 December 2018
"Ace Profit"	Ace Profit Investment Limited (向利投資有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company with its principal activities being the supply and trading of iron ore
"Assignment and Novation Agreement"	the conditional agreement for assignment and novation of the Long Term Hematite Supply Agreement entered into between Shougang Concord International and the Company on 31 May 2019, pursuant to which Shougang Concord International shall assign and novate, and shall procure SCIT to assign and novate their respective rights and obligations under the Long Term Hematite Supply Agreement to the Company and Ace Profit respectively
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company"	Newton Resources Ltd, a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange
"Corresponding Prior Period"	the six-month period ended 30 June 2018
"Director(s)"	the director(s) of the Company
"Environmental Upgrade"	upgrade of the environmental protection measures of the production facilities for highway crushed stone and railway ballast at the Yanjiazhuang Mine as required by the local environmental protection authority
"Group"	the Company and its subsidiaries collectively

Glossary of Terms

"Hematite Mine"	the hematite mine situated at Koolan Island, Western Australia which is comprised of mining leases M04/416 and M04/417 and exploration licences E04/1266
"HK$" or "HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"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 (2004 edition), as published by the JORC, as amended from time to time
"Koolan"	Koolan Iron Ore Pty Limited, a company incorporated in Australia, the registered holder of the Hematite Mine and an indirect wholly owned subsidiary of MGI
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Term Hematite Supply Agreement"	the Koolan Island long term ore sale agreement entered into by MGI, Koolan, Shougang Concord International and SCIT in relation to the supply of hematite ore by Koolan to SCIT from time to time, which was first executed on 22 November 2008 and has subsequently been novated, amended, supplemented and restated from time to time; pursuant to which, Koolan shall supply and sell and SCIT shall purchase hematite ore to be derived from the Hematite Mine in such annual quantity as equals 80% of Koolan's total available production during each contract year at the agreed market pricing formulae during the period from 1 July 2009 to the date of permanent cessation of Koolan's mining operations at the Hematite Mine
"MGI"	Mount Gibson Iron Limited, a company incorporated in Australia, the shares of which are listed on the Australian Securities Exchange
"MGI Group"	MGI and its subsidiaries from time to time
"Mining Permit"	the mining permit of Xingye Mining in respect of iron ore and gabbro-diabase at the Yanjiazhuang Mine

Glossary of Terms

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Mt"	megatonne(s)/million tonnes
"Novation Deed"	the conditional deed of novation, amendment and restatement to effectuate the assignment and novation by Shougang Concord International and SCIT of their respective rights and obligations under the Long Term Hematite Supply Agreement to the Company and Ace Profit respectively contemplated under the Assignment and Novation Agreement, as well as the amendment and restatement of the Long Term Hematite Supply Agreement entered into among all the parties to the Long Term Hematite Supply Agreement (namely MGI, Koolan, Shougang Concord International and SCIT), the Company and Ace Profit on the date of the Assignment and Novation Agreement
"PRC" or "Mainland China"or "China"	the People's Republic of China, which for the purpose of this report, shall exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Remuneration Committee"	the remuneration committee of the Company
"Renewal"	the renewal of the Mining Permit
"Reporting Period"	the six-month period ended 30 June 2019
"Restated Long Term Hematite Supply Agreement"	the Long Term Hematite Supply Agreement as amended and restated in accordance with the Novation Deed
"RMB"	Renminbi, the lawful currency of the PRC
"Safety Authority"	the relevant government authority for the granting of production safety permit(s) for iron mining and gabbro-diabase products
"SCIT"	SCIT Trading Limited, a company incorporated in Hong Kong, an indirect wholly-owned subsidiary of Shougang Concord International and a connected person of the Company under the Listing Rules
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

Glossary of Terms

"Share(s)"	existing ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued Share(s)
"Shougang Concord International"	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"tonne(s)"	equal to 1,000 kilograms
"US$" or "USD"	the United States dollar, the lawful currency of the United States of America
"Xingye Mining"	Lincheng Xingye Mineral Resources Co., Ltd（臨城興業礦產資源有限公司）, an indirect non-wholly owned subsidiary of the Company
"Yanjiazhuang Mine"	Lincheng Xingye Mineral Resources Co., Ltd Yanjiazhuang Mine（臨城興業礦產資源有限公司閆家莊礦）, an open-pit iron and gabbro-diabase mine located in Yanjiazhuang Mining Area, Shiwopu, Haozhuang Town, Lincheng County, Hebei Province, the PRC

Corporate Information

Board of Directors

Executive Directors

Mr. Chong Tin Lung, Benny *(Chairman)*
Mr. Li Changfa
Mr. Luk Yue Kan

Non-executive Director

Mr. Wu Wai Leung, Danny

Independent Non-executive Directors

Mr. Tsui King Fai
Mr. Lee Kwan Hung, Eddie
Mr. Shin Yick, Fabian

Board Committees

Audit Committee

Mr. Tsui King Fai *(Chairman)*
Mr. Wu Wai Leung, Danny
Mr. Shin Yick, Fabian

Remuneration Committee

Mr. Lee Kwan Hung, Eddie *(Chairman)*
Mr. Chong Tin Lung, Benny
Mr. Tsui King Fai
Mr. Shin Yick, Fabian

Nomination Committee

Mr. Lee Kwan Hung, Eddie *(Chairman)*
Mr. Chong Tin Lung, Benny
Mr. Tsui King Fai
Mr. Shin Yick, Fabian

Investment Committee

Mr. Chong Tin Lung, Benny *(Chairman)*
Mr. Wu Wai Leung, Danny
Mr. Luk Yue Kan

Company Secretary

Mr. Luk Yue Kan

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P.O. Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal Place of Business in Hong Kong

Suite 4117
41/F, Jardine House
1 Connaught Place
Central, Hong Kong

Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Corporate Information

Auditor

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Solicitors

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Hong Kong

Principal Bankers

Chong Hing Bank Limited
Agricultural Bank of China Limited, Hong Kong Branch
Bank of Communications Co., Ltd. Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited

Stock Code

Hong Kong Stock Exchange 1231

Share Information

Board lot size: 2000

Investor Information

For more information about the Group, please contact the Investor Relations Department at:

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