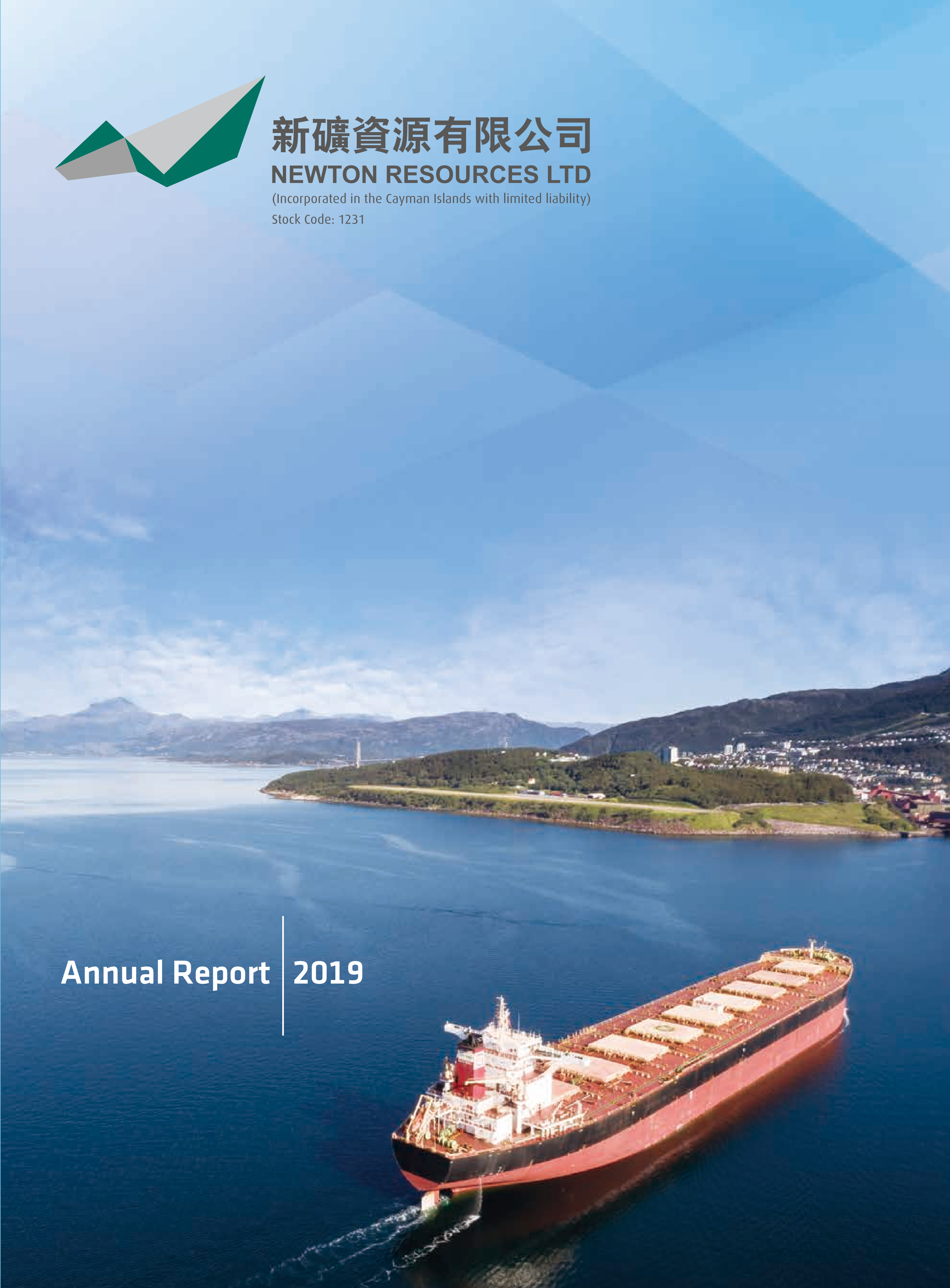
新礦資源有限公司

NEWTON RESOURCES LTD

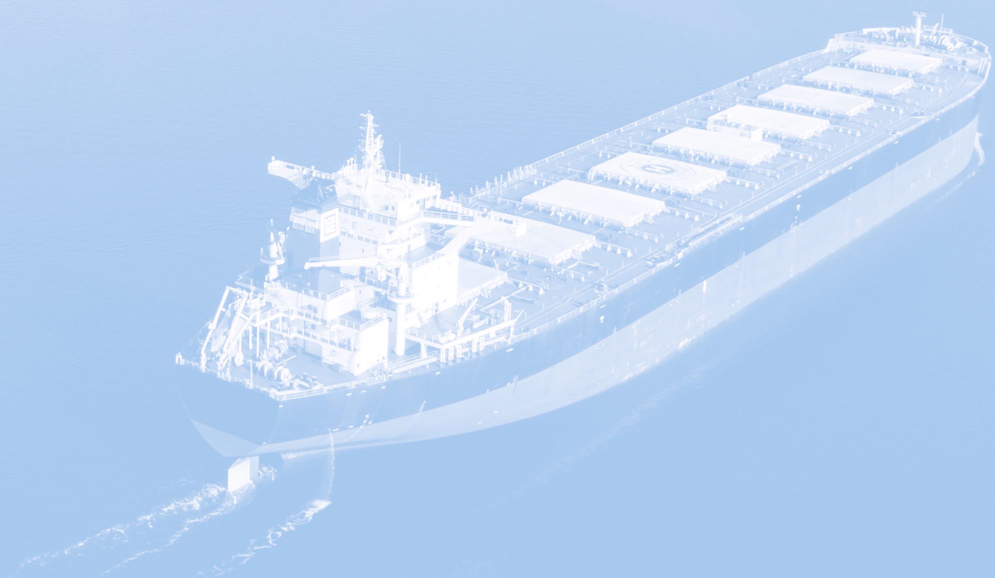
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1231



Annual Report | 2019

Contents



Chairman's Statement

Chairman's Statement

Dear Shareholders,

2019 was a year full of changes, challenges and opportunities for the Group's business operation and development.

Since 2016, the Group has made substantive efforts to grow its iron ore trading business which evolved into the Resources Business of iron ore and other commodities. Over the past few years, the Group has started business dealings with the MGI Group through the sourcing of hematite ore on an individual contract basis. During the Reporting Period, in May 2019, the Company entered into the Assignment and Novation Agreement with Shougang Concord International for the acquisition of the contractual rights and obligations to purchase hematite ore from the Hematite Mine. The Hematite Mine is well known for its high grade quality hematite ore and Koolan is an established producer of high quality, direct shipping grade iron ore products in Australia. Apart from the supply from the Hematite Mine, the Group has been sparing no effort in expanding the supplier network and building relationships with mine owners, with a view to improving the quality and reducing the per unit cost of products offered on the one hand, and diversifying the Group's product offerings on the other hand. As a result, the Group also sourced new iron ore supplies from other overseas mines in Australia, South Africa and Brazil during the Reporting Period. The Group has demonstrated its ability to engage new suppliers and will continue in its persistent drive for expansion of its supplier network.

In addition to the high grade product offerings and products diversification, the Group also provides vessel and other logistic arrangements for its cargoes and arranges its Resources Business under different shipment terms so as to accommodate the customers' needs and extend the business reach to new customers. The Group has also adjusted its pricing strategy for iron ore products during the Reporting Period and started to adopt hedging tools such as iron ore futures and swaps to manage the operational risks that may arise from hematite ore supply under the Restated Long Term Hematite Supply Agreement.

Last, but not the least, in order to support the growth in business volume and scale of the Resources Business, the Group has been expanding its business development team during the Reporting Period, which now comprised of an experienced market and industry leader, operation and finance staff members, shipping specialists and designated hedging executives.

The Group sold approximately 3.0 Mt of iron ore (2018: approximately 0.9 Mt) and recognised revenue from the sales of iron ore under the Resources Business during FY 2019 of approximately RMB1,913.2 million (2018: approximately RMB310.3 million (restated)), representing an increase by more than five times. Through our efforts in evolution of and scaling up the Resources Business, the Group has achieved an increase in overall gross profit to RMB30.2 million (2018: approximately RMB2.3 million (restated)), representing a gross profit margin of approximately 1.6% for the Reporting Period (2018: approximately 0.7% (restated)).

Chairman's Statement

Looking ahead, 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 offtake relationships with suppliers so as to expand and further diversify the Group's product offerings. On the other hand, I have instructed the Group's management to keep focusing on managing the inventory level, securing more favourable banking facilities and other re-financing options so as to reduce the cash requirements for the Resources Business and support the continual business expansion.

As regards our Mining Business at the Yanjiazhuang Mine, in December 2019, the Company entered into the Sale and Purchase Agreement in relation to the Disposal of the Disposal Company, which indirectly owns the Group's entire interests in the Yanjiazhuang Mine, for a total consideration of HK$109 million. It is believed that the Disposal, when duly completed, will provide the Group with additional cash to support the expansion of the Resources Business and reduce the level of the Group's borrowings, which will help reduce the Group's finance costs.

Amid fragile global economic outlook under the COVID-19 outbreak and the trade friction between the United States of America and China, these pose greater risk and difficulty to the Group's Resources Business in the near term. However, I am cautiously optimistic that the PRC Government will launch more supportive fiscal and monetary policies to contain the temporary shock to economy brought by the COVID-19 outbreak, which shall be beneficial to the development of the Group's business in the long run.

Regretfully, Mr. Wu Wai Leung, Danny and Mr. Li Changfa left the Group due to their desire to devote more time on personal affairs. Taking this opportunity, I would like to express my sincere gratitude to Mr. Wu Wai Leung, Danny and Mr. Li Changfa for their valuable contributions to the Group. And I, jointly with our Board members, would like to wish them every success in all pursuits in the future.

In closing, 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, 26 March 2020

Management Discussion and Analysis

Management Discussion and Analysis

Financial Highlights

	2019 RMB'million	2018 RMB'million (Restated)
Continuing operations		
Revenue	**1,920.8**	312.4
Gross Profit	**30.2**	2.3
Loss for the Year	**(22.0)**	(14.8)
EBITDA[1]	**19.3**	(9.5)
Basic Loss per Share *(RMB cents)*	**(0.55)**	(0.37)

	2019 RMB'million	2018 RMB'million
The Group		
Total Assets	**1,114.1**	610.9
Total Equity	**210.4**	280.0
Net Cash Position[2]	**N/A**	98.0
Net Debt[3]	**114.5**	N/A

	2019	2018
The Group		
Liquidity Ratio[4]	**1.2**	1.2
Net Gearing Ratio[5]	**54%**	N/A

1 EBITDA is defined as profit/(loss) before interest, tax, depreciation, amortisation and impairment loss for the continuing operations

2 Net Cash Position is defined as cash and bank balances less total interest-bearing liabilities

3 Net Debt is defined as total interest-bearing liabilities less cash and bank balances

4 Liquidity Ratio is computed from total current assets divided by total current liabilities

5 Net Gearing Ratio is computed as the Net Debt divided by total equity

Management Discussion and Analysis

The Group's Business Profile, Strategies and Development

Over the past few years, the Group has made substantive efforts to develop its trading business of iron ore and other commodities (the "Trading Business"). In 2019, the Group has implemented several changes and improvements to the Trading Business model and made progress in improving its profitability and sustainability. In particular, to cope with the growth in the Trading Business, the Group had expanded the supplier network which now includes mostly mine owners. With the success in securing the Restated Long Term Hematite Supply Agreement and other supply contracts with mine owners, the Group managed to secure stable and sustainable supply of quality iron ore from reputable overseas mines. Apart from this, through building up the professional business development team, the Group has been able to establish business relationships with the sourcing arms of end-user steel mills and the trading arms of State-owned enterprises with stable and growing businesses.

Through securing the stable and sustainable supply of quality iron ore and other commodities from reputable overseas mines on a long-term basis, the Group has transformed from a pure mine owner and operator, which essentially involves the investment in and operation of mines and the sale of resources extracted therefrom, into a commodity supplier, specialising in offering of a wide spectrum of iron ore products and other commodities and the distribution of resources extracted by and sourced from its own mine and/or other independent mine owners. As such, the business of the Group has successfully evolved into a resources business (the "Resources Business"), which is believed to be more adaptable with a competitive edge under the global economy which is now in a synchronised slowdown and may be worsened due to the trade conflicts and the COVID-19 outbreak.

The Resources Business (which evolved from the Trading Business) has already developed into a sophisticated operation that covers a full range of operations and value-adding services including (i) the sourcing of medium to long term supply of resources and commodities; (ii) the identification and exploration of new customer business relationships, needs and services (i.e. business and market development, marketing and customer services); (iii) the provision of logistics and distribution services; and (iv) the adoption of hedging instruments and insurances to manage the business risks.

Apart from these, the Group will continue to evaluate and pursue new business opportunities so as to develop the Resources Business and seek potential offtake or long term supply agreements, with the aim of bringing in more sustainable income and profit to the Group.

During the Reporting Period, the operation at the Yanjiazhuang Mine has yet to resume. In view of the uncertainties about the future development of the mining business at the Yanjiazhuang Mine (the "Mining Business", which included the iron concentrate business and the gabbro-diabase and stone business) and taking into account its available financial and other resources, the Group, through Xingye Mining, had conducted an assessment of the feasibility and economic viability of various business development plans in relation to the Yanjiazhuang Mine. This strategic review had been 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. As a result, the Group had decided to realise its entire interests in the Yanjiazhuang Mine for better deployment of the Group's financial and non-financial resources. In December 2019, the Group entered into the Sale and Purchase Agreement in relation to the Disposal.

Management Discussion and Analysis

Business Review

Resources Business

Since 2016, the Group has been making substantive efforts to develop the Trading Business, which at present is the core source of revenue of the Group. As discussed earlier, the Group's Trading Business (which has now transformed into the Resources Business) has already developed into a sophisticated operation that covers a full range of operations and value-adding services.

The Group is primarily responsible for market and business development, trade negotiations, and exploring and understanding the needs and demands of customers in various markets (in terms of product types, iron quality, quantity and timing).

In addition, the Group carries out business negotiations with suppliers (mine owners) and vessel owners for product supply, vessel chartering and delivery logistics, respectively, so as to secure the supply of the required products from mine owners and deliver them to the customers on a timely basis. The Group has its shipping specialists solely responsible for vessel chartering, liaison of shipment schedules and vessel nomination, day-to-day communication of vessel updates with vessel owners, suppliers and customers, and the import-export agents at various loading and discharge ports, and execution of various insurances to mitigate the business risks that may arise from vessel chartering and inventory losses.

Furthermore, the Group has developed its standard business contracts and terms for the Resources Business, as well as invoices, billings and related documentations for use in its negotiations with customers on the procurement and sales operations. Under the Restated Long Term Hematite Supply Agreement and other purchases contracts, the Group is primarily responsible for the underlying hematite ores and iron ore products, which are the Group's inventories. Then, these inventories are sold to the customers when the Group's business development team has successfully secured and concluded the sales contracts with the customers. In the business negotiations, the Group's business development team has exercised its discretion and judgements in establishing the pricing for iron ore products with reference to the market information and prevailing indexes.

The Group has designated personnel overseeing the collection of trade receivables from customers for exports and the settlement of purchases payables to suppliers for imports. Indeed, the Group has been in contact with various banks in Hong Kong for the grant of trade finance facilities with favourable terms (such as less cash collateral requirements, lower bank handling charges and/or interest rates). To manage the recoverability of trade receivables arising from overseas shipments, the Group prepared and liaised with the banks, customers and suppliers for the documentary credit arrangements, and trade collections from banks and customers on a frequent basis.

Last, but not the least, the Group also has designated hedging executives who are responsible for the execution of approved hedge strategy and hedging instruments to manage the Group's exposures over iron ore price fluctuation. As the Group has secured certain long term supply of iron ore, the Group is exposed to commodity price risk arising from market price fluctuation.

Business Review *(Continued)*

Resources Business *(Continued)*

The Group's management is well positioned to capture business opportunities and customers' and/or suppliers' needs that may arise in the operations of the Resources Business from time to time. As a result, with the support from our management and business development team, the Group is able to improve its operating results and profitability through capturing the shift in product demands for high-grade iron ore in the Reporting Period under tight product supply and high iron ore market price with the risks from iron ore price fluctuation reasonably managed.

During the Reporting Period, the Group sold approximately 3.0 Mt of iron ore (2018: approximately 0.9 Mt) and recognised revenue from the sales of iron ore under the Resources Business of approximately RMB1,913.2 million (2018: approximately RMB310.3 million (restated)), representing an increase by more than 5 times. Through the evolution and scaling-up of the Resources Business, the Group also achieved an increase in overall gross profit to approximately RMB30.2 million (2018: approximately RMB2.3 million (restated)) representing a gross profit margin of approximately 1.6% for the Reporting Period (2018: approximately 0.7% (restated)).

Since the first half of 2017, the Group has started business dealings 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 rights and obligations 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 and hematite ore is iron ore of high grade for direct shipping ore sales, 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.

According to the offtake arrangement under the Restated Long Term Hematite Supply Agreement, Koolan shall supply and sell hematite ore to be sourced 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. Iron ore sourced from Australian mines are highly endorsed by the Group's customers and in the market for their quality and are especially sought-after among the trading-arms of steel mills and State-owned enterprises in the PRC during the Reporting Period.

Business Review *(Continued)*

Resources Business *(Continued)*

The Group believes that the Restated Long Term Hematite Supply Agreement is a key milestone to the Group's development of the Resources Business in the long run. 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 to the customers, especially Chinese steelmakers who have been seeking higher quality ores in the event of any surge in future demand and/or market prices. The Political Bureau of the PRC Government has made stabilising economic growth and achieving all development goals set out in the 13th five-year plan their top priority in 2020. In tandem, it is expected that the PRC Government will launch more supportive fiscal and monetary policies to stabilise the property sector and to further support infrastructure and manufacturing. With the sustainable and quality supply of iron ore, the Group is cautiously optimistic about the further expansion of the Resources Business in 2020 amid the fragile global economic outlook under the COVID-19 outbreak, as China's deep pockets will likely fund a big infrastructure push accompanying a range of fiscal stimulus measures to contain the temporary shock to economy brought by the COVID-19 outbreak.

Apart from the hematite ore supply from Koolan, 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 an annual supply agreement, the magnetite ore from South Africa, the iron ore sinter feed from Brazil, and the low-grade hematite fines and lumps from Australia. The Restated Long Term Hematite Supply Agreement and the aforesaid new iron ore supplies illustrated the Group's continual effort and success in growing the Resources Business with the professional business development team. The Group's business reputation and good relationships with suppliers are 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 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 Resources Business with sustainable growth in the long run.

During the Reporting Period, the Group started to identify target customer groups 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. 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 business development team has devoted substantial effort in identifying and securing new customers and developing the customer network.

Business Review *(Continued)*

Resources Business *(Continued)*

To build up and expand the customer bases, the Group's business development team has been travelling around in China with frequent visits to steel mills and the State-owned enterprises to understand the needs and demands of these customers. They have also travelled to other countries, like South Korea, to explore potential businesses outside China. After the business relationships have been established and/or the sales have been made, the team has had follow-up calls and visits to hear and understand the responses from the customers, which include issues on quality specifications, usage and timeliness of products supplied, logistic matters and rooms for improvement. Through active and close contact with customers and understanding the needs (including products, quality, quantity and timing) of the customers, the Group has been able to establish business relationships with the sourcing arms of steel mills and the trading arms of State-owned enterprises with repeated orders, stable and growing businesses.

During the Reporting Period, the business development team has been successful in matching the product supply with the needs of customers in a timely manner which helped the Group to reduce the risk of slow-moving inventories and smooth out the cash needs for expansion of the Resources Business.

In order to support the growth in business volume and scale of the Resources Business during the Reporting Period, the Group has been expanding its business development team which has devoted substantial efforts in liaising with suppliers and vessel owners for commodities supply and delivery, identifying and securing new customers and developing the customer network, and the execution of hedging orders.

In addition to the high grade product offerings, the Group also provides vessel and other logistic arrangements for its cargoes and arranges its Resources 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 hedging tools such as iron ore futures and swaps to manage the operational risks that may arise from hematite ore supply under the Restated Long Term Hematite Supply Agreement. During the Reporting Period, the Group, through the designated hedging executives, has started to manage its exposure over iron ore price fluctuation by entering into iron ore futures and swaps in the Singapore Exchange Ltd. Through these hedging instruments, the Group shall be able to hedge against the financial impacts on the iron ore supply and sales contracts for the fluctuations in iron ore prices arising from the benchmark prices and indexes under different pricing periods.

Management Discussion and Analysis

Business Review *(Continued)*

Resources Business *(Continued)*

In 2019, the iron ore prices for 65% Fe grade iron ore was volatile, and reached the five-year record-high of more than US$130 per tonne in July 2019. However, the market situation changed markedly since then and the market prices once fell to a low of around US$90 per tonne in August and November 2019 due to ample supply and the softened outlook for China's steel market, and then recovered and remained steady in the range of US$100 per tonne for the rest of 2019 (2018: in the range of US$64 to US$77 per tonne for 62% Fe grade iron ore). The reasons for the continued strong iron ore market prices in 2019, as compared to 2018 which is on average about US$69 per tonne, were mainly due to the shortages of iron ore supply following the collapse of tailings dam in a major iron mine in Brazil in January 2019 and the production outages owing to bad weather conditions and after-effects of severe cyclones damaging infrastructure of miners in Australia in 2019. Riding on the market iron ore price trend and more high grade products being sold in 2019, the average unit selling price for iron ore sold by the Group was approximately US$92 per tonne for the Reporting Period (Corresponding Prior Period: approximately US$54 per tonne). The wet weather in Brazil and the ex-Tropical Cyclone Blake and other weather events in Western Australia lower the supply of high grade iron ore in early 2020. Together with the strong steel margins, most market sources expected that 65% Fe grade iron ore and 62% Fe grade iron ore spreads would continue to widen. On the other hand, some commentary said higher grade iron ore (65% Fe grade iron ore) would be the most impacted by current market conditions due to steel mills gravitating to lower grade materials to offset falling steel mill margins and a reduction in steel output. To tackle the possible shift in market demands, the Group has secured the new supply of lower grade products from an Australian mine to compliment the iron ore product mix of the Group.

With the long-term supply 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 Resources Business operation during the Reporting Period and the continual business expansion going forwards.

It is believed that the Resources Business, with the continual effort of the Group's management, the stable and sustainable supply of high-grade iron ore, expanding customer base and more favourable trade finance facilities from banks, could continue to grow and bring in strong income, profit and cash flow to enhance the returns to the Shareholders in the long run.

Business Review *(Continued)*

The Mining Business

The Group, through Xingye Mining, owns and operates the Yanjiazhuang Mine which is an open-pit iron and gabbro-diabase mine in Hebei Province, the PRC. The Mining Permit had expired in July 2017. The Group submitted the application for the Renewal of Mining Permit in early 2017 in accordance with the applicable regulations, which has not been processed by the relevant government authority (the "Renewal Authority") in 2018. Since the Renewal application was first made in early 2017, Xingye Mining had been working closely with various PRC government authorities on the Renewal. The management of Xingye Mining has been liaising with the government officials in respect of, among others, the adjustment and narrowing down of the mining area with a view to preserving the natural reserves area in the region in the light of the PRC government's directions and ecological and environmental policies. This proposal may also reduce the outstanding gabbro-diabase resources fee payable by Xingye Mining upon the Renewal of the Mining Permit was granted.

To get prepared for the re-submission and pushing forward the Renewal application, the management of Xingye Mining has been trying to reach an agreement with the Renewal Authority on the aforesaid mining area adjustment proposal (including ascertaining the new mining boundaries of the Yanjiazhuang Mine, the revised reserve and resource estimates of the Yanjiazhuang Mine under the Renewal, the assessment of remaining outstanding resources fee payable by Xingye Mining, and the land exchange under forestry ecology planning covering the Yanjiazhuang Mine area) and had engaged an external geological team to advise on the documents required, and preparation and submission of the local reserve and resource estimates report as appropriate. When all the requisite documents are in order, Xingye Mining shall re-submit the Renewal application to the Renewal Authority for further processing.

In the past few years, the development and operation of the Group at the Yanjiazhuang Mine has been shrouded in uncertainty. The situation has become increasingly complex over the recent years due to a series of factors including, but not limited to, the demands of and the disturbance caused by the local villagers surrounding the Yanjiazhuang Mine, the tightening up of the environmental policies by the PRC Government, the requirement for upgrade of the environmental protection measures of the production facilities for highway crushed stone and railway ballast at the Yanjiazhuang Mine imposed by the local environmental protection authority, the floods and landslides in Hebei Province in late July 2016 which caused severe life and economic losses and business disruption in the region, the expiry of the Mining Permit and the production safety permits and the difficulties encountered in the applications for the renewal or grant of the requisite permits.

In view of the uncertainties about the future development of the Mining Business at the Yanjiazhuang Mine and taking into account its available financial and other resources, the Group, through Xingye Mining, had conducted an assessment of the feasibility and economic viability of various business development plans in relation to the Yanjiazhuang Mine. This strategic review had been 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. As a result, the Group had decided to realise its entire interests in the Yanjiazhuang Mine for better deployment of the Group's financial and non-financial resources.

Business Review *(Continued)*

The Mining Business *(Continued)*

On 31 December 2019, the Company, as vendor, entered into the Sale and Purchase Agreement in relation to the Disposal of the Disposal Company, which indirectly owns the Group's entire interests in the Yanjiazhuang Mine, for a total consideration of HK$109 million. It is believed that the Disposal, when duly completed, will provide the Group with additional cash to support the expansion of the Resources Business and reduce the level of the Group's borrowings, which will help reduce the Group's finance costs. Further details of the Disposal have been set out in the announcement of the Company dated 31 December 2019.

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 Mining Business during the Reporting Period.

There was no new contract and commitment entered into by the Group for the Mining Business including those related to infrastructure projects (road and railway), subcontracting agreements and purchases of equipment during the year ended 31 December 2019 (2018: Nil for the iron concentrate business at the Yanjiazhuang Mine and approximately RMB0.3 million construction costs were incurred for the gabbro-diabase and stone business at the Yanjiazhuang Mine).

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

The Group's production costs for the gabbro-diabase and stone business amounted to approximately RMB2.5 million was recognised in the loss of the Discontinued Operations during the Reporting Period (2018: approximately RMB3.3 million).

During the years ended 31 December 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

Details of the Group's mineral resource and ore reserve estimates at the Yanjiazhuang Mine as at 31 December 2019 under the JORC Code were summarised as below:

Summary of mineral resources*

	Percentage of ownership	JORC Mineral Resource Category	As at 31.12.2019 (Mt)	Average iron grade TFe (%)	As at 31.12.2018 (Mt)	Average iron grade TFe (%)
Yanjiazhuang Mine	99%	Measured	**99.56**	**22.53**	99.56	22.53
		Indicated	**211.96**	**21.03**	211.96	21.03
		Total	**311.52**	**21.51**	311.52	21.51

Summary of ore reserves*

	Percentage of ownership	JORC Ore Reserve Category	As at 31.12.2019 (Mt)	Average iron grade TFe (%)	As at 31.12.2018 (Mt)	Average iron grade TFe (%)
Yanjiazhuang Mine	99%	Proved	**85.56**	**21.39**	85.56	21.39
		Probable	**174.21**	**19.97**	174.21	19.97
		Total	**259.77**	**20.43**	259.77	20.43

* Please refer to the independent technical report in the Company's prospectus dated 21 June 2011 for details of the assumptions and parameters used to calculate these iron ore resource and reserve estimates and quality of iron grade.

As mentioned in the "Business Review" section above, the Mining Permit had expired in 2017 and the Company, as vendor, entered into the Sale and Purchase Agreement for the Disposal of the entire interests in the Yanjiazhuang Mine on 31 December 2019.

Gabbro-Diabase Resource Estimates

The gabbro-diabase resources at the Yanjiazhuang Mine were estimated at approximately 207 million cubic metres and categorised as an Indicated Resource under the JORC Code as at 31 December 2019 and 2018. As mentioned in the "Business Review" section above, the Mining Permit had expired in 2017 and 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. 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. The Company, as vendor, entered into the Sale and Purchase Agreement for the Disposal of the entire interests in the Yanjiazhuang Mine on 31 December 2019.

Production Safety and Environmental Protection

During the Reporting Period, no significant safety-related incidents were recorded in the operations at the Yanjiazhuang Mine.

As mentioned earlier, the applications for the renewal of a production safety permit of the iron concentrate business at the Yanjiazhuang Mine and the grant of a production safety permit of the gabbro-diabase and stone business at the Yanjiazhuang Mine were not yet completed.

Moreover, Xingye Mining is attending to the follow-up works required before the environmental protection requirement could be attained.

Management Discussion and Analysis

Dividend

The Board does not recommend the payment of a dividend in respect of FY 2019 (2018: Nil).

Financial Review

Results for the Year

Note: On 31 December 2019, the Company entered into the Sale and Purchase Agreement to dispose its entire interests in the Disposal Group, which are then classified as the Group's discontinued operations (the "Discontinued Operations"). Analysis of the results and cash flows of the Discontinued Operations are presented in Note 10 to the consolidated financial statements. The comparative results have been re-presented as if the Discontinued Operations had been discontinued at the beginning of the comparative period. For the Corresponding Prior Period, the Group completed the disposal of its car-park business, the financial information of which are also presented in Note 10 to the consolidated financial statements.

During the Reporting Period, the Group recognised revenue from continuing operations of approximately RMB1,920.8 million (2018: approximately RMB312.4 million (restated)), increased by more than 5 times, which mainly came from the Resources Business on sales of iron ore. The net loss from continuing operations of the Group for the Reporting Period was approximately RMB22.0 million (2018: approximately RMB14.8 million (restated)), representing an increase by 49%. The loss for the year attributable to the owners of the Company amounted to approximately RMB69.7 million (2018: approximately RMB106.0 million (restated)). The basic and diluted loss per share for the year was approximately RMB1.74 cents (2018: approximately RMB2.65 cents (restated)).

The overall increase in net loss from continuing operations of the Group was mainly attributable to the impairment loss on other current financial assets of RMB11.0 million, which was partly offset by increase in operating profit from the Resources Business, represented by (i) the overall increase in the Group's revenue and gross profit by approximately RMB1,608.4 million and RMB27.9 million respectively; (ii) the expansion of the Group's business development team and utilisation of several supports and new borrowings from financial and non-financial institutions in order to support the expansion of the Resources Business during the Reporting Period, leading to the Group's selling expenses and interest expenses to increase by approximately RMB4.3 million and approximately RMB16.8 million respectively; and (iii) the general increase in administrative expenses by approximately RMB3.8 million mainly for the Group's corporate transactions, including the acquisition of contractual rights and obligations under the Restated Long Term Hematite Supply Agreement and the Disposal, during the Reporting Period.

Financial Review *(Continued)*

Revenue, Gross Profit and Gross Profit Margin

The Group recognised the revenue from sales of iron ore products on a gross basis with service income from the arrangement of freight and shipment of cargoes and adjustments on fair values of trade receivables arising from the fluctuations in commodity price indexes as well as gain or loss on iron ore futures/swap contracts to manage the operational risks that may arise from the selling of iron ore be recognised separately in the Group's revenue.

During the Reporting Period, the Group recognised revenue from continuing operations of approximately RMB1,920.8 million (2018: approximately RMB312.4 million (restated)), increased by more than 5 times, which mainly came from the sales of iron ore.

The following table summarised the business volume and revenue of the Resources Business by product and country of origin:

	FY 2019			FY 2018		
	Transaction volume MT	**Revenue RMB'million**	**Gross profit RMB'million**	Transaction volume MT	Revenue RMB'million (Restated)	Gross profit RMB'million (Restated)
Sales of iron ore sourced from						
Koolan[1]	**1.3**	**911.4**		–	–	
Other suppliers[2]	**1.7**	**1,001.8**		0.9	310.3	
	3.0	**1,913.2**	**29.1**	0.9	310.3	1.9
Sales of coal from Inner Mongolia	**–**	**7.6**	**1.1**	–	2.1	0.4
Total	**3.0**	**1,920.8**	**30.2**	0.9	312.4	2.3

1 The Group entered into the Assignment and Novation Agreement in May 2019 for the acquisition of the contractual rights and obligations to purchase hematite ore from the Hematite Mine which is owned by Koolan. Koolan exported high-grade hematite ore of 65% Fe grade during the Reporting Period and the Group sold approximately 1.3 Mt with the average unit selling price of about US$101 per tonne.

2 Other suppliers include suppliers of iron ore from several overseas mines in South Africa, Brazil and Australia. During the Reporting Period, the Group sold approximately 1.7 Mt with the average unit selling price of about US$85 per tonne (2018: approximately 0.9 Mt with the average unit selling price of about US$54 per tonne). The iron ore market prices continued to soar throughout the Reporting Period due to tight supply. As a result, the average unit selling price increased significantly. In addition, the Group's persistent effort to find new sources of supply from overseas mines have led to the increase in business volume during the Reporting Period as compared to the Corresponding Prior Period.

Financial Review *(Continued)*

Revenue, Gross Profit and Gross Profit Margin *(Continued)*

Attributed to sourcing of quality iron ore supplies at competitive prices, the adjustment of pricing strategy with the adoption of hedging tools, and the increase in business volume, the Group recorded an overall increase in gross profit to approximately RMB30.2 million (2018: approximately RMB2.3 million (restated)) with improved gross profit margin of approximately 1.6% during the Reporting Period (2018: approximately 0.7% (restated)).

Cost of Sales

The Group's cost of sales from continuing operations for the Reporting Period increased by about 5 times to approximately RMB1,890.6 million, as compared to approximately RMB310.0 million (restated) for the Corresponding Prior Period. The increase in cost of sales was in line with the increase in market price and business volume of iron ore from the Resources Business. During the Reporting Period, the Group started to arrange for the freight and shipment of cargoes and these costs have then been included as part of the Group's cost of sales.

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 hedging tools such as iron ore futures and swaps to manage the operational risks (and cost of sales) that may arise from the sourcing of iron ore. With the long-term supply on hand and the substantial growth in business volume, the Group's management has also been focusing on managing the inventory level during the Reporting Period. The Group has been successful in concluding sales contracts with the customers in short time intervals when the cargoes are ready. This allows the Group to achieve a faster inventory turnover and avoid the risk of slow-moving inventories. As a result, the increase in the Group's cost of sales of the Resources Business largely follows the trends of iron ore market prices and the increase in the Group's business volume.

Selling and Distribution Costs

During the year, the Group has been expanding its business development team in order to cope with the growth of the Resources Business and incurred selling and distribution costs which mainly consisted of office rental, staff costs and travelling and business expenses for business visits to steel mills and customers in China and overseas to understand their needs and demands and explore potential businesses.

During the Reporting Period, the Group's selling and distribution costs from continuing operations were approximately RMB5.0 million, higher than that for the Corresponding Prior Period of approximately RMB0.7 million (restated) by about 6 times.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses from continuing operations were approximately RMB18.9 million, higher than that for the Corresponding Prior Period of approximately RMB15.1 million (restated) by 25%. The increase by approximately RMB3.8 million was mainly attributable to the Group's corporate transactions, including the acquisition of contractual rights and obligations under the Restated Long Term Hematite Supply Agreement and the Disposal, during the Reporting Period.

Financial Review *(Continued)*

Impairment Losses on Other Current Financial Assets

In 2018, the Group entered into a coal purchase agreement (the "Coal Purchase Agreement") for the supply of coal. Pursuant to the Coal Purchase Agreement, the Group had paid the contractual deposit of RMB50 million, which was refundable in full to the Group upon the expiry of the Coal Purchase Agreement. The Coal Purchase Agreement expired on 31 December 2018 and only part of the contractual deposit of RMB28 million has been repaid to the Group up to the date of this report. Amid fragile global economic outlook under the COVID-19 outbreak, this poses a greater risk and difficulty for the outstanding amount of RMB22 million to be repaid in full. In view of the greater uncertainty, and taken into account the actions in progress to prompt for the settlement, the Group has recognised an impairment provision of RMB11 million for the year ended 31 December 2019.

Finance Expense

Finance expense from continuing operations increased dramatically by about 12 times to approximately RMB17.1 million during the Reporting Period, as compared to approximately RMB1.3 million (restated) for the Corresponding Prior Period. In order to support the expansion of the Resources Business with increasing business volume, the Group had obtained several supports (guarantees) and new borrowings from financial and non-financial institutions amounting to approximately RMB310.1 million during the Reporting Period. As a result, the interest expenses on bank and other borrowings of the Group and guarantee fee increased significantly by approximately RMB16.8 million for the Reporting Period.

Discontinued operations

The Group's loss for the year from discontinued operations was approximately RMB48.2 million. Comparing with its loss of approximately RMB92.8 million (restated) in 2018, the Group's loss for the Reporting Period has significantly decreased by approximately RMB44.6 million. The decrease was mainly attributable to the decrease in impairment losses arising on the assets at the Yanjiazhuang Mine of approximately RMB39.0 million during the Reporting Period. Analysis of the results and cash flows of the discontinued operations is presented in Note 10 to the consolidated financial statements. The comparative results have been restated as if the operations of the Disposal Group had been discontinued at the beginning of the comparative period. For the Corresponding Prior Period, the Group completed the disposal of its car-park business, the financial information of which are also presented in Note 10 to the consolidated financial statements.

Financial Position

The significant changes in the financial position of the Group as at 31 December 2019 were mainly attributed to the reclassification of assets and liabilities of the Disposal Group as assets and liabilities held for sale at that date, which are set out in Note 10 to the consolidated financial statements.

Financial Review *(Continued)*

Property, plant and equipment

As at 31 December 2019, the property, plant and equipment of the Group had a net carrying amount of approximately RMB1.0 million (2018: approximately RMB203.5 million). The substantial decrease was mainly attributable to the recognition of impairment losses of approximately RMB14.4 million in FY 2019 (2018: approximately RMB59.1 million) and the reclassification of the property, plant and equipment of the Disposal Group with a net carrying amount of approximately RMB185.1 million to assets held for sale as at 31 December 2019. Further details about the Group's property, plant and equipment are set out in Note 13 to the consolidated financial statements.

Other Long-term Assets

As at 31 December 2019, the other long-term assets of the Group had a net carrying amount of approximately RMB125.5 million (2018: Nil), representing the commodity supply contract with forward purchase of future outputs at discount. Details of this commodity supply contract are set out in Note 17 to the consolidated financial statements.

Trade and Bills Receivables

The Group's trading terms with its customers generally require deposits or usance letters of credit, except for creditworthy customers to whom credits are granted. Generally, on presentation of shipping documents and the provisional invoices, the customers shall settle 95% or more of invoiced value of the cargoes within prescribed payment due dates and the remaining sales proceeds shall be settled within 30 days from the dates of the final invoices.

As at 31 December 2019, the balances of trade and bills receivables of the Group were approximately RMB292.9 million (2018: Nil) and about 95% of the balance were bills receivables (2018: Nil). The increase in balances as at 31 December 2019 was in line with the expansion of the Resources Business during FY 2019.

Other Current Financial Assets

As at 31 December 2019, the balance of other current financial assets mainly included (i) a trade deposit paid to a supplier, net of impairment provision of RMB22.0 million (2018: RMB50.0 million) for the coal supply in the prior year; (ii) the margin deposits paid to securities houses of approximately RMB37.7 million (2018: Nil) for transactions of iron ore futures and swaps with an aim to manage the operational risks that may arise from the Resources Business; and (iii) the financial assets at fair value through profit or loss representing the net open positions of iron ore futures or swaps traded in an active market with a positive contract value of approximately RMB16.5 million (2018: Nil).

Trade and Bills Payables

As at 31 December 2019, the balances of trade and bills payables of the Group were approximately RMB255.8 million (2018: approximately RMB1.1 million) and about 72% of the balances were bills payables (2018: Nil). The increase in balances as at 31 December 2019 was in line with the expansion of the Resources Business during FY 2019.

Liquidity, Financial Resources and Financing Activities

As at 31 December 2019, the cash and cash equivalents of the Group (including those held by the Disposal Group) amounted to approximately RMB90.4 million (2018: approximately RMB98.0 million), of which 5% were denominated in RMB, 4% were denominated in HKD and 91% were denominated in USD (2018: 68% were denominated in RMB, 4% were denominated in HKD and 28% were denominated in USD), representing about 8% (2018: about 16%) of total assets of the Group.

The Group's net debt position was approximately RMB114.5 million as at 31 December 2019 while the Group had net cash position of approximately RMB98.0 million as at 31 December 2018. The increase in net debt was mainly due to the Group incurred new borrowings to finance the acquisition of contractual rights and obligations under the Restated Long Term Hematite Agreement and the increase in general working capital required for the expansion of the Resources Business. The Group's liquidity ratio was approximately 1.2 as at 31 December 2019 (2018: approximately 1.2), which is considered to be steady.

The following table sets out certain information regarding the Group's consolidated statement of cash flows for the years ended 31 December 2019 and 2018:

	FY 2019		FY 2018	
	RMB'million	**RMB'million**	RMB'million (Restated)	RMB'million (Restated)
Cash and cash equivalents as stated in the consolidated statement of cash flows at beginning of year		**98**		164
Net cash flows used in operating activities	**(147)**		(56)	
Net cash flows used in investing activities	**(134)**		(2)	
Net cash flows from/(used in) financing activities	**272**		(5)	
Net decrease in cash and cash equivalents		**(9)**		(63)
Effect of foreign exchange rate changes, net		**1**		(3)
Cash and cash equivalents as stated in the consolidated statement of cash flows at end of year		**90**		98

Liquidity, Financial Resources and Financing Activities *(Continued)*

Net cash flows used in operating activities

The Group's net cash flows used in operating activities increased by about 162%, from approximately RMB56.2 million for the Corresponding Prior Period to approximately RMB147.0 million for the Reporting Period. It primarily included the loss before tax of approximately RMB70.0 million, partially reduced by adjustments for non-cash items relating to the impairment losses arising on the assets at the Yanjiazhuang Mine of approximately RMB21.9 million, the impairment loss on other current financial assets of RMB11.0 million, the increase in restricted bank deposits to secure the issuance of letters of credit of approximately RMB91.4 million and the net increase in working capital of inventories and trade and bills receivables and payables of approximately RMB34.1 million. The Group would also negotiate for other new trade finance facilities with the banks so as to support the further development of the Resources Business.

Net cash flows used in investing activities

During the Reporting Period, the Group paid HK$150 million (equivalent to approximately RMB131.6 million) as a consideration to acquire the contractual rights and obligations to purchase hematite ore from the Hematite Mine. As a result, the Group recorded a net cash flows used in investing activities during FY 2019.

Net cash flows from/(used in) financing activities

During the Reporting Period, the Group's net cash flows from financing activities increased by approximately RMB277.2 million, as compared to the Corresponding Prior Period, which is mainly attributed to the Group's new borrowings from financial and non-financial institutions amounting to approximately RMB310.1 million in order to support the expansion of the Resources Business with increasing business volume.

Capital Structure and Gearing Ratio

As at 31 December 2019, the Group's interest-bearing bank and other borrowings was approximately RMB521.2 million (2018: approximately RMB219.1 million). During the Reporting Period, in order to support the expansion of the Resources Business with increasing business volume, the Group had obtained several new borrowings from financial and non-financial institutions amounting to approximately RMB310.1 million. As a result, the Group's net gearing ratio was approximately 54% as at 31 December 2019. As at 31 December 2018, as the Group had net cash position of approximately RMB98.0 million, it is therefore not considered to have any net gearing.

Going forward, the Group's management and business development team will focus on managing the banking facilities and other re-financing options so as to minimise the cash requirements for the Resources Business.

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, projected cash flows from operations and the general working capital requirements of the Group. The Group's objective is to maintain a balance between continuity of funding and flexibility through the effective use of bank and other borrowings and trade finance and treasury facilities.

In order to finance the acquisition of the contractual rights and obligations under the Restated Long Term Hematite Supply Agreement and support the expansion of the Resources Business, the Group had obtained several supports and new borrowings from financial and non-financial institutions during the Reporting Period. Further discussions on and details of the Group's interest-bearing bank and other borrowings are set out below and in Note 25 to the consolidated financial statements, respectively.

Loans, Indebtedness, Maturity Profile and Exposure to Fluctuations in Interest Rates

As at 31 December 2019, the Group's interest-bearing bank and other borrowings increased by approximately RMB302.1 million to approximately RMB521.2 million (2018: approximately RMB219.1 million). Among these borrowings, about 90% were denominated in HKD while about 10% were denominated in USD, and about 54% carried interests at fixed rates while about 46% carried interests at floating rates. In view of loan profile in terms of currencies and interest rate mix, the Group is not considered to have significant exposure to interest rate fluctuations as at 31 December 2019 and does not have any policy to hedge such exposure.

These borrowings are mostly repayable within one year or on demand, except for the balance of approximately RMB70.9 million which are repayable in the second year and the balance of approximately RMB0.7 million which are repayable in the third to fifth years.

Pledge of Assets

The Group's interest-bearing bank and other borrowings and banking facilities as at 31 December 2019 were secured by certain bank balances and time deposits of approximately RMB316.3 million, in aggregate (2018: approximately RMB219.1 million).

As at 31 December 2019 and 31 December 2018, no property, plant and equipment or leasehold land or land use rights or right-of-use assets were pledged for the Group's bank borrowings or banking 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 Resources Business were mainly settled in USD.

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% of the Group's sales and approximately 99% of the Group's purchases during the Reporting Period, and approximately 48% of the Group's net assets as at 31 December 2019 (2018: approximately 10%) were denominated in foreign currency (the HKD and USD). Currently, the Group does not have any foreign currency hedging policy. The fluctuation of USD and HKD against RMB during the Reporting Period led to the recognition of net foreign exchange losses of approximately RMB1.6 million (2018: approximately RMB2.6 million (restated)) from continuing operations.

Amid the fragile global economic outlook under the COVID-19 outbreak and the trade friction between the United States of America and China, it could be expected that the currency exchange rates between RMB and other currencies will be subject to fluctuations to a greater extent in the future. The management will closely observe the movements in RMB exchange 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 hedging tools such as iron ore futures and swaps to manage the operational risks that may arise from the Resources Business. The Group's designated hedging executives have managed the Group's exposure over iron ore price fluctuation by execution of approved hedge strategy and hedging instruments.

For the Reporting Period, the Group recognised net fair value losses of approximately RMB0.6 million (2018: Nil) and net fair value gains of approximately RMB8.8 million (2018: Nil) from hedging transactions, which had been recognised in the Group's revenue and cost of sales respectively.

As at 31 December 2019, the Group had an aggregate open position of iron ore futures for purchase of 505,000 tonnes expiring by end of February 2020 with a positive contract value of approximately US$2.4 million (equivalent to approximately RMB16.5 million) (2018: Nil) which has been recognised as the financial assets at fair value through profit or loss.

Segment Information

As discussed earlier, the business of the Group has successfully evolved into the Resources Business during the Reporting Period. As such, the internal organisation structure and reporting has been changed and such discontinued operations attributable to the iron concentrate business and gabbro-diabase and stone business are no longer separately assessed or reviewed. The information reviewed by the chief operating decision makers as at the end of the Reporting Period only focuses on the performance of the Group's continuing operations, the Resources Business. Comparative figures had been restated to reflect the classification of iron concentrate business and gabbro-diabase and stone business as discontinued operations during the Reporting Period.

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

	2019 **RMB'000**	2018 RMB'000 (Restated)
Mainland China	**1,896,518**	312,392
Others	**24,282**	–
	1,920,800	312,392

Revenue from external customers by geographical location is based on the ports of discharge.

Furthermore, the Group's non-current assets from continuing operations are mainly based in Hong Kong.

Further details of the Group's segment information and segment results are set out in Note 4 to the consolidated financial statements, and further discussions on business performance and market overview of each business segment of the Group are set out in the sections headed "Business Review" above.

Capital Commitments

The Group had the following capital commitments attributed to the Discontinued Operations at the end of the reporting periods:

	2019 **RMB'000**	2018 RMB'000
Contracted, but not provided for:		
– Property, plant and equipment	**38,595**	38,595

Significant Investments, Acquisitions and Disposals

There were no significant investments, acquisitions and disposals by the Group during the year, except for the acquisition of the contractual rights and obligations to purchase hematite ore from the Hematite Mine and the Disposal as discussed in the "Business Review" above. For details of these transactions, please refer to the Company's circular dated 8 July 2019 and announcement dated 31 December 2019 respectively.

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.

The Group will continue to explore and evaluate projects and investment opportunities with potentials so as to create value for the Shareholders in the long run.

Events after the Reporting Period

The estimates of expected credit loss at 31 December 2019 was made based on a range of forecasted economic conditions prevailing or anticipated as at that date. Since January 2020, the COVID-19 outbreak has spread across Mainland China and beyond, causing disruption to business and economic activities. The Group considers the COVID-19 outbreak to be a non-adjusting post balance sheet event and the impact on economic and other key indicators will be incorporated into the Group's estimates of expected credit loss provisions in 2020.

In addition, the COVID-19 outbreak has inevitably caused negative impacts on the global markets and economy, mainly due to delayed work resumption in China, restrictions and bans on passenger traffic to control the spread of COVID-19, more stringent mandatory quarantine requirements on vessels imposed by ports, leading to a certain extent of negative impact to the Group's operations and business profitability in 2020.

The degree of impact to the Group will be dependent on, among others, the duration of the COVID-19 outbreak, the outcome of various preventive measures to contain the COVID-19 outbreak by respective governments across the world, and the policies and measures to support or stimulate the economy. The Group shall keep abreast of the development of the COVID-19 outbreak and evaluate the situation and impacts on the Group's business development and expansion, and operating and financial performance in a timely manner.

Employees and Remuneration Policies

As at 31 December 2019, the Group had a total of 75 (2018: 79) employees in Hong Kong and Mainland China. In order to support the growth in business volume and scale of the Resources Business, the Group has been expanding its business development team during the Reporting Period, which now comprised of an experienced market and industry leader, operation and finance staff members, shipping specialists and designated hedging executives.

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 their needs of obtaining certain professional qualifications, such as providing or encouraging employees to attend 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, 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 AGM.

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.

The Group has followed the measures and directives issued by the government authorities at the cities with operations and deployed appropriate preventive measures to protect the employees and provide them with healthy and hygienic working environments within the offices and premises.

Outlook and Future Plans

Looking ahead, 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 offtake relationships with suppliers so as to expand and further diversify the Group's product offerings. On the other hand, the Group's management will also focus on managing the inventory level, securing more favourable banking facilities and other re-financing options so as to reduce the cash requirements for the Resources Business and support the continual business expansion.

Nevertheless, the Group is aware of the COVID-19 outbreak and the increasing numbers of confirmed cases and fatalities in China and worldwide. The COVID-19 outbreak has inevitably caused negative impacts on the global markets and economy, mainly attributed to the delayed work resumption in China, restrictions and bans on passenger traffic to control the spread of COVID-19, more stringent mandatory quarantine requirements on vessels imposed by ports, leading to a certain extent of negative impact to the Group's operations and business profitability in 2020.

The degree of impact to the Group will be dependent on, among others, the duration of the COVID-19 outbreak, the outcome of various preventive measures to contain the COVID-19 outbreak by respective governments across the world, and the policies and measures to support or stimulate the economy. The Group shall keep abreast of the development of the COVID-19 outbreak and evaluate the situation and impacts on the Group's business development and expansion, and operating and financial performance in a timely manner.

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Group's annual report for FY 2019.

Corporate Governance Practices

The Board strongly believes that corporate governance is an integral part of the Company's mission in our pursuit of growth and value creation. The Board strives to attain and uphold a high standard of corporate governance and to maintain sound and well-established corporate governance practices for the interest of the Shareholders. During FY 2019, we adopted corporate governance principles that emphasise a quality Board, effective risk management and internal control systems, stringent disclosure practices, transparency and complete accountability towards all the stakeholders of the Company.

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 of the CG Code as set out in the Appendix 14 to the Listing Rules 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.

The Board

Responsibilities

The Board is responsible for the leadership and control of the Group, and oversees the Group's businesses, strategic decisions and performance. The Board has delegated to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

NEWTON RESOURCES LTD ANNUAL REPORT 2019 30

The Board *(Continued)*

Board Composition

The Board currently comprises five Directors, consisting of two executive Directors and three independent non-executive Directors. Mr. Wu Wai Leung, Danny tendered his resignation as a non-executive Director and a member of each of the Audit Committee and Investment Committee with effect from 1 November 2019. Mr. Li Changfa retired as an executive Director and the chief operating officer of the Company with effect from 1 March 2020. All Directors possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. Biographies of the Directors are set out from pages 53 to 56 of this annual report under the section headed "Directors' and Senior Management's Profile".

The list of Directors (by category) as set out under "Corporate Information" on page 183 is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified as such in all corporate communications of the Company pursuant to the Listing Rules.

Save as disclosed herein, none of the members of the Board has any relationship (including financial, business, family or other material/relevant relationship(s)) between each other.

As at the date of this annual report, the Company met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Pursuant to the requirements of the Listing Rules, the Company has received written confirmation from each of the independent non-executive Directors confirming his independence from the Company, and considers all of the independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director is suitably qualified for his position, and has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

The independent non-executive Directors bring a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation and sharing of valuable impartial view on matters discussed at Board meetings, taking lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive Directors have made various contributions to the effective direction of the Company.

The Board *(Continued)*

Chairman and Chief Executive Officer

The Company fully supports the division of responsibility between the chairman of the Board and the chief executive officer to ensure a balance of power and authority. Their respective responsibilities are clearly defined and set out in writing. During FY 2019, the role of chairman was held by Mr. Chong Tin Lung, Benny and the Company does not have a chief executive officer.

The chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the company secretary and the executives, the chairman is responsible for ensuring that the Directors receive adequate, accurate, clear, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings, and that all key and appropriate issues are discussed by the Board in a timely manner.

The role of chief executive officer focuses on achieving the Company's objectives and implementing policies and strategies approved and delegated by the Board. He/she is in charge of the Company's day-to-day management and operations and is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval. During FY 2019, the function of the chief executive officer is divided among two executive Directors (other than the chairman). The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes, including the appointment of a chief executive officer, are necessary.

Appointment, Re-election and Removal of Directors

Each of the Directors (including executive Directors and independent non-executive Directors) is engaged on a service contract for a term of three years from their respective effective dates of appointment. The appointment may be terminated by not less than three months' prior written notice.

In accordance with the Articles, all the Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by Shareholders at the first general meeting after appointment. Any further appointment of an independent non-executive Director, who has served the Board for more than nine years, shall be subject to a separate resolution to be approved by the Shareholders.

The procedures and process of appointment, re-election and removal of the Directors are laid down in the Articles. The Nomination Committee is responsible for reviewing the Board's composition, structure and size, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

None of the Directors has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

The Board *(Continued)*

Nomination Committee

The Nomination Committee was established on 8 June 2011 and comprised four members, including Mr. Lee Kwan Hung, Eddie (Chairman of the Committee), Mr. Tsui King Fai and Mr. Shin Yick, Fabian, all being independent non-executive Directors, and Mr. Chong Tin Lung, Benny, being an executive Director.

The specific written terms of reference of the Nomination Committee are available on the websites of the Company and the Hong Kong Exchanges and Clearing Limited.

Pursuant to the terms of reference, the principal duties of the Nomination Committee include the following:

- To review the structure, size, composition and diversity of the Board and to make recommendations on any proposed changes to the Board to complement the Group's corporate strategy;

- To identify candidates suitably qualified for appointment as the Directors;

- To make recommendations to the Board on appointment or re-appointment of the Directors and succession planning for the Directors;

- To review the board diversity policy, as appropriate, the measurable objectives adopted for implementing the policy and the progress on achieving the objectives; and

- To assess the independence of independent non-executive Directors.

The Nomination Committee has adopted written nomination policy which includes the nomination criteria, procedure and process for providing a formal, considered and transparent procedure to the Board for evaluating and selecting candidates for directorships. Where vacancy(ies) on the Board exists, the Nomination Committee will carry out the selection process by making reference to the expertise, skills, experience, professional knowledge, personal character, personal integrity and time commitments of the proposed candidate(s), the Company's needs and other relevant statutory requirements and regulations. The human resources department of the Company will assist and an external recruitment agency may be engaged to carry out the recruitment and selection process where necessary.

The nomination policy for Directors can be accessed from the website of the Company.

The Board *(Continued)*

Nomination Committee *(Continued)*

The Board adopted a board diversity policy setting out the approach to achieve diversity in the Board composition. As set out in the policy, a truly diverse Board will include and make good use of differences in the background, knowledge, skills, expertise, regional and industry experience, age, gender and other qualities of the members of the Board. These characteristics and objectives have been taken into account in determining the optimum composition of the Board. Board diversity has been considered and practised by the Company from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, skills, experience, knowledge, expertise and independence. The current Board is considered well-balanced in terms of the aforesaid characteristics (save for the absence of female Board member) and of a diverse mix appropriate for the business of the Group. The Nomination Committee is responsible for the review of the measurable objectives adopted for implementing the board diversity policy and the progress on achieving the objectives. The Nomination Committee will also review the board diversity policy, as appropriate, to ensure its effectiveness and recommend any proposed revisions to the Board for approval.

A summary of the work performed by the Nomination Committee during FY 2019 is set out as follows:

– Reviewed and discussed on the existing structure, size, composition and diversity of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements for the business of the Group and that it is in compliance with the requirements under the Listing Rules;

– Reviewed the nomination policy for Directors and the board diversity policy;

– Assessed the independence of the independent non-executive Directors; and

– Recommended the re-appointment of retiring Directors at the 2019 AGM.

In accordance with articles 106(1) and 106(2) of the Articles, Messrs. Chong Tin Lung, Benny and Shin Yick, Fabian will retire from their office by rotation at the 2020 AGM. All the above retiring Directors, being eligible, shall offer themselves for re-election as Directors at the 2020 AGM.

The Nomination Committee recommended the re-appointment of these retiring Directors at the 2020 AGM. The Company’s circular, sent together with this annual report, contains detailed information of these retiring Directors pursuant to the Listing Rules requirements.

The Board *(Continued)*

Nomination Committee *(Continued)*

The Nomination Committee held one meeting during FY 2019 and the attendance records of the Nomination Committee members are as follows:

Name of Nomination Committee Member	Attendance/Number of Meeting(s) held
Mr. Lee Kwan Hung, Eddie *(Chairman)*	1/1
Mr. Chong Tin Lung, Benny	1/1
Mr. Tsui King Fai	1/1
Mr. Shin Yick, Fabian	1/1

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties including:

- To develop and review the Company's policies and practices on corporate governance;
- To review and monitor the training and continuous professional development of the Directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- To review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Induction and Continuing Development

All Directors have been given a Director's manual with relevant guideline materials regarding, among others, the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interests and business of the Group.

Each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has an appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction is normally supplemented with visits to the Group's premises and/or meetings with the senior management of the Company.

The Board *(Continued)*

Induction and Continuing Development *(Continued)*

All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, they are also continually updated with the business and market changes to facilitate the discharge of their responsibilities.

The Directors confirmed that they have complied with Code Provision A.6.5 of the CG Code about the requirement for the Directors' training. During FY 2019, all the Directors participated in continuous professional development by attending seminars, conferences, workshops and in-house briefings and/or reading materials as summarised below to develop and refresh their knowledge and skills on the topics of corporate governance, regulatory development, business or management and other relevant topics, and provided records of training to the Company.

	Type of Continuous Professional Development	
Name of Director	**Attending Seminars, Conferences, Workshops and In-house Briefings**	**Reading Materials and Updates**
Executive Directors		
Mr. Chong Tin Lung, Benny *(Chairman)*	–	✓
Mr. Li Changfa (Note 1)	–	✓
Mr. Luk Yue Kan	✓	✓
Non-executive Director		
Mr. Wu Wai Leung, Danny (Note 2)	–	–
Independent Non-executive Directors		
Mr. Tsui King Fai	✓	✓
Mr. Lee Kwan Hung, Eddie	✓	✓
Mr. Shin Yick, Fabian	✓	✓

Notes:

(1) Retired with effect from 1 March 2020.

(2) Resigned with effect from 1 November 2019.

Besides, continuous briefings and professional development for the Directors will be arranged by the Company where necessary.

The Board *(Continued)*

Board Meetings

Board Practices and Conduct of Meetings

Regular Board meetings are held at least four times a year and additional Board meetings are held when the Board considers appropriate. Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. Draft agenda of each Board meeting is sent to the Directors in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting. Notice of regular Board meetings is served to all the Directors at least 14 days before the meetings. For other Board meetings and committee meetings, reasonable notice is generally given.

In respect of regular Board meetings or committee meetings and so far as practicable in all other cases, meeting papers are sent to the Directors or respective committee members in a timely manner and at least 3 days before the intended date of the respective meetings to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The chief operating officer, chief financial officer and other relevant senior management normally attend regular Board meetings and where necessary, other Board meetings and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Group.

The company secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are circulated to the Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

The Articles contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest. According to current Board practices, any material transaction, which involves a conflict of interest for a Substantial Shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting.

Directors' Attendance Records and Time Commitment

During FY 2019, ten Board meetings and two general meetings were held for reviewing and approving the financial and operating performance, considering and approving the overall strategies and policies of the Group, connected transaction, and other matters accordingly.

The Board *(Continued)*

Board Meetings *(Continued)*

Directors' Attendance Records and Time Commitment *(Continued)*

The attendance records of individual Directors at the following meetings during FY 2019 are as follows:

	Attendance/Number of Meeting(s) held during the respective term of services		
Name of Director	**Board Meeting(s)**	**AGM**	**Extraordinary General Meeting**
Executive Directors			
Mr. Chong Tin Lung, Benny *(Chairman)*	9/10	1/1	0/1
Mr. Li Changfa (Note 1)	9/10	1/1	1/1
Mr. Luk Yue Kan	10/10	1/1	1/1
Non-executive Director			
Mr. Wu Wai Leung, Danny (Note 2)	9/9	1/1	1/1
Independent Non-executive Directors			
Mr. Tsui King Fai	10/10	1/1	1/1
Mr. Lee Kwan Hung, Eddie	10/10	1/1	1/1
Mr. Shin Yick, Fabian	10/10	1/1	1/1
Total number of meetings held during FY 2019	**10**	**1**	**1**

Notes:

(1) Retired with effect from 1 March 2020.

(2) Resigned with effect from 1 November 2019.

Apart from the above Board meetings, a meeting between the chairman and the independent non-executive Directors without the presence of other Directors was also held during FY 2019.

The Board *(Continued)*

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiry has been made of all the Directors and all of them have confirmed that they have complied with the required standards as set out in the Model Code throughout FY 2019.

The Company has also established written guidelines (the "Code for Securities Transactions by Relevant Employees") on no less exacting terms than the Model Code for securities transactions by employees of the Group who are likely to be in possession of unpublished inside information in relation to the securities of the Company. Each of the relevant employees has been given a copy of the Code for Securities Transactions by Relevant Employees.

The Company was not aware of any incident of non-compliance with the Model Code or the Code for Securities Transactions by Relevant Employees throughout FY 2019.

Formal notifications were sent by the Company to its Directors and relevant employees reminding them that they should not deal in the securities of the Company during the "black-out period" in accordance with requirements under the Model Code.

Delegation of Management Functions

The overall management and control of the Company's business are vested in its Board. The Board is responsible for establishing policies, strategies and plans, providing leadership in the attainment of the objective of creating value to Shareholders, and, on behalf of Shareholders, overseeing the Company's financial performance. All Directors carry out their duties in good faith and in compliance with the standards of applicable laws and regulations, take decisions objectively and act in the interests of the Company and its Shareholders at all times.

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of the Directors and other significant financial and operational matters.

All the Directors have full and timely access to all relevant information as well as the advice and services of the company secretary and senior management, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making reasonable request to the Board.

Delegation of Management Functions *(Continued)*

The day-to-day management, administration and operation of the Company are delegated to the senior management, which include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems. The Board has the full support of the senior management for the discharge of its responsibilities.

The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the foregoing senior management.

The Board has established four committees, namely, the Nomination Committee, the Investment Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company were established with defined written terms of reference which (except for the terms of reference of the Investment Committee) can be accessed from the websites of Hong Kong Exchanges and Clearing Limited and the Company and are also available to the Shareholders upon request.

The majority of the members of each Board committee (except for the Investment Committee) are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 183.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

Investment Committee

The Investment Committee was established on 7 October 2016 and comprised two members, including Mr. Chong Tin Lung, Benny (Chairman of the Committee) and Mr. Luk Yue Kan, both being executive Directors.

Mr. Wu Wai Leung, Danny tendered his resignation as a member of the Investment Committee with effect from 1 November 2019.

The specific written terms of reference of the Investment Committee were approved and adopted by the Board.

Investment Committee *(Continued)*

Pursuant to the terms of reference, the duties of the Investment Committee include the following:

- To consider, review, evaluate and approve investment proposals, including but not limited to trading of listed and unlisted debt or equity securities, structured products, and treasury products, for consideration at or below 5% of the total assets of the Group (as published in its latest interim or annual financial statements where applicable) or the market capitalisation of the Company, whichever is the lower (collectively the "Allowable Threshold"). All Directors shall report any investment proposal they have formulated or any reasonable investment opportunity that has come to their attention to the Committee as soon as possible. For investment proposals with consideration exceeding the Allowable Threshold, the Committee shall review and make recommendations to the Board;

- To review and make recommendations to the Board for appropriate securities dealing, investment and treasury strategies; and

- To consider such other topics and matters as may be delegated by the Board from time to time.

A summary of the work performed by the Investment Committee during FY 2019 is set out as follows:

– Reviewed and recommended to the Board on the proposed disposal of the entire issued share capital in and assignment of the shareholder's advance due from a direct wholly-owned subsidiary of the Company and its principal subsidiaries including Xingye Mining which owns and operates the Yanjiazhuang Mine.

The Investment Committee held one meeting during FY 2019 and the attendance records of the Investment Committee members are as follows:

Name of Investment Committee Member	Attendance/Number of Meeting(s) held
Mr. Chong Tin Lung, Benny *(Chairman)*	1/1
Mr. Wu Wai Leung, Danny (Note 1)	0/0
Mr. Luk Yue Kan	1/1

Note:

(1) Resigned as a member of the Investment Committee with effect from 1 November 2019. During the period from 1 January 2019 to the date of his resignation, no meeting was held.

Remuneration of Directors and Senior Management

The Company has established a formal and transparent procedure for formulating policies on remuneration of the Directors and the senior management. Details of the remuneration of each of the Directors and the senior management for FY 2019 are set out in Note 8 to the consolidated financial statements.

Remuneration Committee

The Remuneration Committee was established on 8 June 2011 and comprised four members, including Mr. Lee Kwan Hung, Eddie (Chairman of the Committee), Mr. Tsui King Fai and Mr. Shin Yick, Fabian, all being independent non-executive Directors, and Mr. Chong Tin Lung, Benny, being an executive Director.

The specific written terms of reference of the Remuneration Committee are available on the websites of the Company and the Hong Kong Exchanges and Clearing Limited. Pursuant to the terms of reference, the primary duties of the Remuneration Committee include making recommendations to the Board on the Company's policies and structure of the remuneration of the Directors and senior management, and the remuneration packages of the Directors and the senior management, including benefits in kind, pension rights and compensation payments. 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, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The human resources department of the Company is responsible for 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 held one meeting during FY 2019 and the attendance records of the Remuneration Committee members are as follows:

Name of Remuneration Committee Member	Attendance/Number of Meeting(s) held
Mr. Lee Kwan Hung, Eddie *(Chairman)*	1/1
Mr. Chong Tin Lung, Benny	1/1
Mr. Tsui King Fai	1/1
Mr. Shin Yick, Fabian	1/1

Remuneration of Directors and Senior Management *(Continued)*

Remuneration Committee *(Continued)*

A summary of the work performed by the Remuneration Committee during FY 2019 is set out as follows:

– Reviewed the remuneration policy and structure of the Company;

– Reviewed and recommended to the Board on the remuneration packages (including discretionary bonus) of Directors and senior management of the Company for FY 2019; and

– Reviewed and approved the remuneration packages of a new member of business development team.

Accountability and Audit

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group and other financial disclosures required under the Listing Rules. The management has provided the Board with such explanation and information to enable it to carry out an informed assessment of the financial position of the Company and the Group which are put to the Board for approval.

The Board is responsible for presenting a balanced, clear and understandable assessment of the annual report and overseeing the preparation of the financial statements of the Company and the Group with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and that relevant statutory and regulatory requirements and applicable accounting standards are complied with.

During FY 2019, the management has provided the Board with monthly updates so as to give the Directors a balanced and understandable assessment of the Company's performance, position and prospects.

Accountability and Audit *(Continued)*

Risk Management and Internal Control

The Board acknowledges its responsibility for the risk management and internal control systems of the Group and reviewing their effectiveness; in particular, it is responsible for evaluating and determining the nature and extent of the risks in maintaining appropriate and effective risk management and internal control systems for the Group to safeguard investments of the Shareholders and assets of the Company. Such systems of the Group are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard assets of the Group. The systems have been established to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure to achieve business objectives.

During FY 2019, the Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls in areas such as finance, operations and compliance, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting function. The Board concluded that in general, the Group's risk management and internal control systems and processes for financial reporting and Listing Rules compliance are effective and adequate.

The Risk Management Department, the Company's internal audit function, conducts evaluation of the Group's internal control on an on-going basis. The Risk Management Department performs risk-based audits to review the effectiveness of the Group's material internal control and risk management so as to provide assurance that key business and operational risks are identified, evaluated and managed. The work carried out by the Risk Management Department will ensure the internal control are in place and functioning as intended. The Risk Management Department reports to the Audit Committee with its findings and makes recommendations to improve the internal control of the Group.

The Company has in place an integrated framework of risk management and internal control which is consistent with the principles outlined in the "Internal Control and Risk Management – A Basic Framework" issued by the Hong Kong Institute of Certified Public Accountants. The key control measures are summarised below:

Monitoring

- Ongoing assessment of control systems' performance.
- Internal audits performed periodically by Risk Management Department.
- Review continuing connected transactions entered into by the Group and effectiveness of the internal control procedures in place to ensure the continuing connected transactions are conducted in compliance with the Listing Rules, and report the findings to the Board.

Accountability and Audit *(Continued)*

Risk Management and Internal Control *(Continued)*

Information and Communication

- Information in sufficient details is provided to the right person timely.
- Channels of communication developed within the Group and with external parties to ensure information are documented and communicated on a timely manner.
- Channels of communication for people to report any suspected improprieties.
- To ensure compliance with the continuous disclosure obligation of inside information, the Group has adopted a policy for handling and dissemination of inside information. The policy provides guidance to officers on whether the information shall be considered as inside information, and if so, officers shall report to the Board for disclosure. The Group has communicated to the officers regarding the policy in place and has reminded the officers of their reporting obligation from time to time.

Control Activities

- Policies and procedures set to ensure management directives are carried out.
- Control points implanted to safeguard the Group from those identified risks.

Risk Assessment

- Identification, evaluation and assessment of the key risk factors affecting the achievement of the Company's objectives are performed regularly.
- Undertake proper actions to manage the risks so identified.

Control Environment

- Channels to communicate the Company's commitment to integrity and high ethical standards to the staff are established.
- Proper delegation and clear line of reporting, responsibility and accountability within the Group.

To strengthen the Group's corporate governance, the Company engaged a professional firm as an internal auditor for FY 2019 to provide support on the risk management and execution of the internal audit plan. The Risk Management Department liaises with such professional firm on the preparation of internal audit reports and submits the same annually to the Audit Committee to report the internal audit findings and status update to enable it to assess control of the Group and the effectiveness of risk management. Management is responsible for ensuring appropriate actions are taken to rectify any control weaknesses highlighted in the internal audit reports within a reasonable period. During FY 2019, the Group has not identified any significant control failings or weaknesses, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition.

Accountability and Audit *(Continued)*

Risk Management and Internal Control *(Continued)*

Risk management is an essential part of corporate governance. Effective risk management facilitates the Group's business development and operation by setting the appropriate risk appetite, maintaining an optimal risk level and most importantly, proactively managing risks. The Group's risk management is the responsibility of every management and embedded in daily operation of every business unit and staff.

Together with the executive Directors, Risk Management Department performs an assessment of risks that could be involved in the Group's operations annually, and submits a risk assessment report to the Audit Committee. The Board, through the Audit Committee, reviews the risk assessment annually. For discussions of significant risks faced by the Group during the Reporting Period, please refer to the discussions set out in the "Management Discussion and Analysis" section in this annual report. During the Reporting Period, the Group has been able to proactively respond to the changes in its business and external environments.

Audit Committee

The Audit Committee was established on 8 June 2011 and comprised three members, including Mr. Tsui King Fai (Chairman of the Committee), who possesses the appropriate professional qualification or accounting or related financial management expertise in accordance with the requirements under the Listing Rules, Mr. Lee Kwan Hung, Eddie and Mr. Shin Yick, Fabian, all being independent non-executive Directors.

Mr. Lee Kwan Hung, Eddie was appointed as a member of the Audit Committee with effect from 1 November 2019 following the resignation of Mr. Wu Wai Leung, Danny as a member of the Audit Committee on the same date.

None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The specific written terms of reference of the Audit Committee are available on the websites of the Company and the Hong Kong Exchanges and Clearing Limited.

Accountability and Audit *(Continued)*

Audit Committee *(Continued)*

Pursuant to the terms of reference, the main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the staff responsible for accounting and financial reporting function, internal auditor or external auditor before submission to the Board;

- To review the relationship with the external auditor by reference to the work performed by it, its fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor;

- To review the adequacy and effectiveness of the Group's financial reporting system, risk management and internal control systems and associated procedures; and

- To oversee the risk management and internal control systems of the Group and to report to the Board on any material issues, and make recommendations to the Board.

A summary of work performed by the Audit Committee during FY 2019 is set out as follows:

– Reviewed with the senior management and finance-in-charge and/or the external auditor the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual financial statements for FY 2018 and the interim financial report for the six-months ended 30 June 2019 respectively;

– Met with the external auditor and reviewed its work and findings relating to the annual audit for FY 2018 and the effectiveness of the audit process;

– Reviewed with management and finance-in-charge the effectiveness of the risk management and internal control systems of the Group, including effectiveness of the Risk Management Department, the Company's internal audit function;

– Approved the internal audit report for FY 2018;

– Met with the internal auditor and reviewed and approved the risk assessment report and the internal audit plan of the Group prepared by the internal auditor;

Accountability and Audit *(Continued)*

Audit Committee *(Continued)*

- Reviewed the external auditor's independence, approved the engagement of external auditor and recommended the Board on the re-appointment of external auditor;

- Reviewed the financial reporting and compliance procedures and the report from the management on the Company's risk management and internal control systems and processes;

- Reviewed the Group's continuing connected transactions for the year ended 31 December 2018; and

- Noted the impact on the Group's financial reporting in respect of new and amendments to accounting standards.

The Audit Committee held two meetings during FY 2019 and the attendance records of the Audit Committee members are as follows:

Name of Audit Committee Member	Attendance/Number of Meeting(s) held
Mr. Tsui King Fai *(Chairman)*	2/2
Mr. Wu Wai Leung, Danny (Note 1)	2/2
Mr. Lee Kwan Hung, Eddie (Note 2)	0/0
Mr. Shin Yick, Fabian	2/2

Notes:

(1) Resigned as a member of the Audit Committee with effect from 1 November 2019.

(2) Appointed as a member of the Audit Committee with effect from 1 November 2019. During the period from the date of his appointment to 31 December 2019, no meeting was held.

The external auditor was invited to attend the meetings without the presence of the executive Directors and senior management to discuss with the Audit Committee issues arising from the audit and financial reporting matters. After each meeting, the chairman of the Audit Committee provided the Board with a briefing on the significant issues. An Audit Committee meeting was also held in March 2020 to consider, among others, the Group's annual results and annual report for FY 2019.

Accountability and Audit *(Continued)*

External Auditor's Independence and Remuneration

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements in accordance with applicable standards. Members of the Audit Committee were of the view that the Company's external auditor, Messrs. Ernst & Young, is independent and has recommended the Board to re-appoint it as the Company's auditor at the 2020 AGM. During FY 2019, the external auditor has rendered audit and non-audit services to the Company. The statement about its reporting responsibilities for the Company's financial statements is set out in the section headed "Independent Auditor's Report" on pages 69 to 74.

A summary of audit and non-audit services provided by the external auditor for FY 2019 and its corresponding remuneration is set out below:

Category of Services	**Fees Paid/ Payable** RMB'000
Audit/review services	
– Interim review services	630
– Annual audit services	1,800
Non-audit service (Note 1)	200
Total	**2,630**

Note 1: During FY 2019, the Company engaged Messrs. Ernst & Young for a remuneration of RMB200,000 (including out-of-pocket expenses) as the Company's reporting accountants for their professional services rendered in connection with the arithmetical accuracy of the calculations of the discounted cash flow forecast on which the valuation in respect of the rights and obligations under the Restated Long Term Hematite Supply Agreement of the Company is based.

Company Secretary

The company secretary of the Company (the "Company Secretary"), who is also an executive Director, the chief financial officer and a member of the Investment Committee of the Company, is a full time employee of the Company and has knowledge of the Company's day-to-day affairs. The Company Secretary reports to the chairman of the Board and is responsible for advising the Board on governance matters. During FY 2019, the Company Secretary undertook no less than 15 hours of relevant professional training. His biography is set out on page 53 of this annual report under the section headed "Directors' and Senior Management's Profile".

Constitutional Documents

The Company did not make any change to its constitutional documents during FY 2019. The memorandum and articles of association of the Company are available on the websites of the Company and the Hong Kong Exchanges and Clearing Limited.

Communication with Shareholders and Investor Relations

The Company is committed to upholding the highest standards of corporate governance and maintaining effective communication with the Shareholders and investors. To this end, the Company makes use of traditional and online platforms such as results announcements and presentations, annual and interim reports, and the Shareholders' meetings to reach out to individual Shareholders and stakeholders within the investment community to ensure transparent, timely and accurate dissemination of information.

General meetings of the Company provide a forum for communication between the Board and the Shareholders. The chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee, Audit Committee and Investment Committee or, in their absence, other members of the respective committees are available to answer questions at general meetings.

The 2020 AGM is scheduled to be held on 12 June 2020. The notice of AGM will be sent to the Shareholders at least 20 clear business days before the AGM.

The Company has investor relations team, led by an executive Director, to meet existing Shareholders and potential investors, research analysts and investment managers from time to time.

To promote effective communication, the Company maintains a website at www.newton-resources.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Investors may write directly to the Company at its principal place of business in Hong Kong or via email to ir@newton-resources.com for any enquiries.

Shareholders' Rights

In accordance with article 68 of the Articles, any two or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board and to put forward proposals specified in such requisition by the procedures below:

Shareholders' Rights *(Continued)*

The Shareholder shall deposit a requisition in writing to require an extraordinary general meeting and to put forward proposals at the Company's principal place of business in Hong Kong at Suite 4117, 41/F, Jardine House, 1 Connaught Place, Central, Hong Kong (marked for the attention of the Company Secretarial Department) or the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The requisition must include the business to be transacted at the required extraordinary general meeting and must be signed by the Shareholder concerned. If the requisition is confirmed as proper and valid, an extraordinary general meeting shall be convened within 21 days after the deposit of such requisition subject to the requirements of the relevant Articles and the Listing Rules. In case an extraordinary general meeting could not be convened upon the request, the Company will inform the Shareholder accordingly.

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

For enquiries to the Board, the Shareholder shall contact the Investor Relations Department at the Company's principal place of business in Hong Kong at Suite 4117, 41/F, Jardine House, 1 Connaught Place, Central, Hong Kong or by e-mail to ir@newton-resources.com. The Company will endeavour to respond to their queries in a timely manner.

As one of the measures to safeguard the Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at the Shareholders' meetings, including the election of individual Directors, for the Shareholders' consideration and voting.

All resolutions put forward at the Shareholders' meetings will be voted by poll pursuant to the Listing Rules and the Articles, and the poll voting results will be published on the websites of the Company and the Hong Kong Exchanges and Clearing Limited after the relevant general meeting in accordance with the requirements of the Listing Rules.

Shareholders may at any time change their choice of language (English or Chinese or both) or means of receipt (printed form or through electronic means on the Company's website) of corporate communications by writing or email to the Company's branch share registrar in Hong Kong.

Dividend Policy

The Company has adopted a dividend policy, pursuant to which the Shareholders will be entitled to receive any dividend the Company declares. The payment and amount of any dividend will be at the discretion of the Board and will depend on the Group's general business condition and strategies, cash flows, financial results, capital requirements and taxation conditions, interests of respective Shareholders, statutory restrictions, and other factors that the Board deems relevant.

The payment of any dividend will also be subject to the Companies Law (as amended) of the Cayman Islands and the Company's constitutional documents, which indicate that payment of dividends out of the Company's share premium account is possible on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

In general, the Company does not expect to declare dividends in a year where it does not have any distributable earnings.

The Company currently intends to retain certain, if not all, of its available funds and future earnings to operate and expand its business and/or acquisitions.

Cash dividends on the Shares, if any, will be paid in HKD.

The Board will review the dividend policy on an annual basis.

Going Concern

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

Directors' and Senior Management's Profile

Board of Directors

Mr. Chong Tin Lung, Benny
Chairman/Executive Director

Mr. Chong, aged 47, was appointed as an executive Director, the chairman of the Board and the Investment Committee and a member of each of the Nomination Committee and the Remuneration Committee with effect from 9 April 2018. He is also a director of subsidiaries of the Company.

Mr. Chong is currently an executive director, the executive chairman and the chief executive officer of Auto Italia Holdings Limited (stock code: 720).

Mr. Chong is the founder of VMS Group and has served as its chairman since its establishment in 2006. He is also a director of VMS Investment Group Limited, which is a Substantial Shareholder of the Company. Mr. Chong has accumulated over 20 years of experience in the financial and investment industry. VMS Group is principally engaged in proprietary investments, private equity, asset management, securities brokerage and corporate finance advisory services.

Mr. Chong is a Chartered Financial Analyst. He obtained a Bachelor of Commerce from the University of Toronto in 1994 and a Master of Science in Investment Management from the Hong Kong University of Science and Technology in 2000.

Mr. Chong is the son of Ms. Mak Siu Hang, Viola, who is a Substantial Shareholder of the Company.

Mr. Luk Yue Kan
Executive Director/Chief Financial Officer/Company Secretary

Mr. Luk, aged 44, was appointed as an executive Director and the chief financial officer of the Company on 1 April 2015 and is a member of the Investment Committee. He joined the Company in March 2011 as the financial controller. In November 2011, he assumed the additional role of company secretary of the Company. He oversees the trading and resources business, treasury management, financial reporting, company secretarial, human resources, risk management, mergers and acquisitions and investor relations matters of the Company. He is also a senior management of the Company and a director and company secretary of subsidiaries of the Company.

Mr. Luk holds an Executive MBA degree from Richard Ivey School of Business at The University of Western Ontario in Canada and a Bachelor's degree in Accountancy from the Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, and an associate and a Certified Tax Advisor of the Taxation Institute of Hong Kong. Mr. Luk has over 22 years' experience in auditing, accounting and financial management.

Board of Directors *(Continued)*

Mr. Tsui King Fai
Independent Non-executive Director

Mr. Tsui, aged 70, was appointed as an independent non-executive Director on 15 December 2010 and is the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee.

Mr. Tsui currently holds positions in the following companies listed on the Main Board of the Stock Exchange:

Name of Company	Title
Lippo Limited (stock code: 226)	Independent non-executive director
Lippo China Resources Limited (stock code: 156)	Independent non-executive director
Hongkong Chinese Limited (stock code: 655)	Independent non-executive director
China Aoyuan Group Limited (stock code: 3883)	Independent non-executive director
Vinda International Holdings Limited (stock code: 3331)	Independent non-executive director

Moreover, Mr. Tsui was a director and senior consultant of WAG Worldsec Corporate Finance Limited up to his resignation on 30 June 2016.

Mr. Tsui graduated from the University of Houston with a Master of Science in Accountancy degree and a Bachelor of Business Administration degree with first class honors awarded in 1974 and 1973 respectively.

Mr. Tsui is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of each of the Chartered Accountants Australia and New Zealand, and the American Institute of Certified Public Accountants. He has extensive experience in accounting, finance and investment management, particularly in investments in China. Mr. Tsui had worked for two of the "Big Four" audit firms in Hong Kong and the United States of America.

Board of Directors *(Continued)*

Mr. Lee Kwan Hung, Eddie
Independent Non-executive Director

Mr. Lee, aged 54, was appointed as an independent non-executive Director on 15 December 2010 and is the chairman of each of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee. Currently, he is a consultant of Howse Williams.

Mr. Lee currently also holds positions in the following listed companies listed on the Main Board of the Stock Exchange:

Name of company	Title
Embry Holdings Limited (stock code: 1388)	Independent non-executive director
NetDragon Websoft Holdings Limited (stock code: 777)	Independent non-executive director
Tenfu (Cayman) Holdings Company Limited (stock code: 6868)	Independent non-executive director
China BlueChemical Ltd. (stock code: 3983)	Independent non-executive director
Landsea Green Properties Co., Ltd. (stock code: 106) (formerly known as Landsea Green Group Co., Ltd.)	Independent non-executive director
Red Star Macalline Group Corporation Ltd. (stock code:1528)	Independent non-executive director
FSE Services Group Limited (stock Code: 331)	Independent non-executive director
Ten Pao Group Holdings Limited (stock Code: 1979)	Independent non-executive director
Glory Sun Financial Group Limited (stock code:1282) (formerly known as China Goldjoy Group Limited)	Independent non-executive director

Moreover, Mr. Lee was an independent non-executive director of Futong Technology Development Holdings Limited (stock code: 465) and Asia Cassava Resources Holdings Limited (stock code: 841), up to his resignation on 18 November 2017 and 13 May 2018 respectively.

Mr. Lee holds a Bachelor of Laws (Honours) degree and Postgraduate Certificate in Laws from the University of Hong Kong. He was admitted as a solicitor in Hong Kong and the United Kingdom and is a practising lawyer. Between 1993 and 1994, Mr. Lee was a senior manager in the Listing Division of the Stock Exchange. Mr. Lee was a partner of Woo Kwan Lee & Lo between 2001 and 2011.

Board of Directors *(Continued)*

Mr. Shin Yick, Fabian
Independent Non-executive Director

Mr. Shin, aged 51, was appointed as an independent non-executive Director on 14 August 2015 and is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Shin currently holds positions in the following listed companies:

Name of Company	Place of listing	Title
Pak Tak International Limited (stock code: 2668)	Main Board of the Stock Exchange	Non-executive director
China Automobile New Retail (Holdings) Limited (stock code: 526) (formerly known as Lisi Group (Holdings) Limited)	Main Board of the Stock Exchange	Independent non-executive director
China Tianrui Automotive Interiors Co., Ltd (stock code: 6162)	Main Board of the Stock Exchange	Independent non-executive director
Zhengye International Holdings Company Limited (stock code: 3363)	Main Board of the Stock Exchange	Independent non-executive director
BIO-key International, Inc. (NASDAQ: BKYI)	Nasdaq stock market of the United States	Director
Olympic Circuit Technology Co., Ltd (stock code: 603920)	Shanghai Stock Exchange	Independent director

Mr. Shin was a senior consultant of a China-based securities company from June 2018 to January 2019, the chief executive officer of a private corporate finance company from August 2015 to May 2018 and the deputy chief executive officer of CMB International Capital Limited from February 2010 to July 2015. Mr. Shin has over 29 years of experience in investment banking and financial management. Prior to joining CMB International Capital Limited, he worked in several investment banks in Hong Kong.

Mr. Shin was an independent non-executive director of Huabang Financial Holdings Limited (stock code: 3638) and China Shun Ke Long Holdings Limited (stock code: 974), up to his resignation on 2 October 2018 and 31 October 2018, respectively.

Mr. Shin graduated from the University of Birmingham in England with a Bachelor's degree in commerce. After graduation, he worked in the audit department of Deloitte Touche Tohmatsu. He had also worked in a listed company in Hong Kong as group financial controller. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants, The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Institute of Chartered Secretaries.

Report of the Directors

The Directors have pleasure in presenting this annual report and the audited consolidated financial statements of the Group for FY 2019.

Principal Activities and Business Review

The principal activity of the Company is investment holding. The principal activities and other particulars of its principal subsidiaries are set out in Note 1 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a fair review of the Group's business, a description of the principal risks and uncertainties facing the Group, an indication of likely future development in the Group's business, a review of the financial performance of the Group, the Group's environmental policies and performance and the Group's compliance with the relevant laws and regulations, can be found in the Management Discussion and Analysis set out on pages 5 to 29 of this annual report. Particulars of important events affecting the Group that have occurred since the end of FY 2019 are set out in the section headed "Important Past Year End Events" on page 58. Key relationships with the Group's employees, customers, suppliers and contractors are set out in the sections headed "Relationship with Stakeholders" and "Major Customers and Suppliers" on pages 59 and 60. The abovementioned discussions form parts of the business review as contained in this report of the Directors.

Results and Appropriations

The results of the Group for FY 2019 and the Group's financial position as at 31 December 2019 are set out in the consolidated financial statements on pages 75 to 177.

The Directors do not recommend the payment of a final dividend for FY 2019 (2018: Nil).

Share Capital

There were no movements in either the Company's authorised or issued share capital during the year.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

Equity-linked Agreements

Save for the share option scheme of the Company set out in the section headed "Share Option Scheme" on page 62 and Note 28 to the consolidated financial statements, no equity-linked agreements were entered into during FY 2019 or subsisted at the end of FY 2019.

Permitted Indemnity Provision

Under the Articles, the Company had a permitted indemnity provision (as defined in section 469 of the Companies Ordinance) in force for the benefit of the Directors throughout the Reporting Period and as at the date of approval of this report of the Directors, pursuant to which the Company shall indemnify any Director against any liability or loss suffered or expenses reasonably incurred by the Director in connection with any action, suit or proceeding in which he is involved by reason of being a Director, and in which judgement is given in his favour or in which he is acquitted. The Company has maintained insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors arising out of corporate activities.

Important Past Year End Events

Except as disclosed in this annual report, since 31 December 2019, being the end of the financial year under review, and up to the latest practicable date for the purpose of ascertaining information contained in this annual report, no important event materially affecting the Group has occurred.

Distributable Reserves

As at 31 December 2019, the Company did not have any reserves available for distribution, calculated in accordance with the Companies Law (2020 Revision) of the Cayman Islands. The share premium account of the Company is available for distribution or payment of dividends to the Shareholders subject to the provisions of the Articles and provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts immediately as they fall due in the ordinary course of business.

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

During FY 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

Loans and Borrowings

Particulars of the loans and borrowings of the Group as at 31 December 2019 are set out in Note 25 to the consolidated financial statements.

Relationship with Stakeholders

The Group recognises that employees, customers, suppliers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality products and services to its customers and enhancing cooperation with its suppliers and business partners.

The Company provides a fair and safe workplace, promotes diversity to our staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationships with customers and provide the products in a way that satisfies needs and requirements of the customers. The Group enhances the relationship by continual interactions with customers to gain insights into the changing market demand for the products so that the Group can respond proactively.

The Group is also dedicated to developing good relationship with suppliers as long-term business partners to enhance the stability of the Group's businesses. The Group reinforces the business partnership with suppliers by ongoing communication in a proactive manner.

During the Reporting Period, the Group has high reliance on major suppliers and customers for the Resources Business. Going forward, the management will continue to grow the Resources Business, or even the opportunity for the Group to carry out long-term business cooperation with overseas mines and factories directly so as to enrich the supplier and customer portfolios and mitigate the potential credit risk and business continuity risk that may be associated with the over reliance on particular customers and suppliers.

Further disclosures about credit terms and creditworthiness of customers and ageing analysis of the Group's receivables and payables are set out in Notes 19 and 24 to the consolidated financial statements respectively.

Major Customers and Suppliers

For the Reporting Period, the Group's revenue mainly comes from the Resources Business. The aggregate sales to the five largest customers of the Group accounted for approximately 86% of the Group's total revenue for FY 2019 and sales to the largest customer accounted for approximately 30% of the Group's total revenue for FY 2019. The Group has maintained good relationships with its customers, which are trading arms of steel mills and certain State-owned enterprises, and the Group's competent business development team has devoted substantial effort in developing the customer network.

For the Reporting Period, the Group's major suppliers include MGI Group and other overseas mines in Australia, South Africa and Brazil. The aggregate purchases from the five largest suppliers of the Group accounted for approximately 92% of the Group's total purchases and purchases from the largest supplier accounted for approximately 43% of the Group's total purchases for FY 2019. Apart from the hematite ore supply from Koolan, 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 an annual supply agreement, the magnetite ore from South Africa, the iron ore sinter feed from Brazil, and the low-grade hematite fines and lumps from Australia. The Restated Long Term Hematite Supply Agreement and the aforesaid new iron ore supplies illustrated the Group's continual effort to grow the Resources Business with the supportive business development team. The Group's business reputation and good relationships with suppliers are gradually building up in the iron ore industry in recent years.

None of the Directors, their close associates (as defined under the Listing Rules), or any Shareholder which to the knowledge of the Directors owns more than 5% of the Company's issued share capital has any interest in the Group's five largest suppliers or five largest customers for FY 2019.

Management Contracts

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

Report of the Directors

Directors

The Directors during the financial year and up to the date of this annual report are:

Executive Directors

Mr. Chong Tin Lung, Benny	*(Chairman)*
Mr. Li Changfa	*(retired with effect from 1 March 2020)*
Mr. Luk Yue Kan	

Non-executive Director

Mr. Wu Wai Leung, Danny	*(resigned with effect from 1 November 2019)*

Independent Non-executive Directors

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

In accordance with articles 106(1) and 106(2) of the Articles, Messrs. Chong Tin Lung, Benny and Shin Yick, Fabian will retire from their office by rotation at the 2020 AGM. All the above retiring Directors, being eligible, shall offer themselves for re-election as Directors at the 2020 AGM.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules and considers all of its independent non-executive Directors to be independent in accordance with the guidelines as set out under the Listing Rules.

Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 178.

Changes in Director's Information

The changes in the Director's information since the disclosure made in the Interim Report 2019 are set out below:

Name of Director	Details of Changes
Mr. Lee Kwan Hung, Eddie	• Appointed as a member of the Audit Committee with effect from 1 November 2019.

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

Biographical Information of Directors and Senior Management

Brief biographical information of the Directors and senior management of the Company are set out in the section headed "Directors' and Senior Management's Profile" on pages 53 to 56.

Directors' Service Contracts

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

Directors' Interests in Transactions, Arrangements or Contracts

Other than as disclosed in the paragraph headed "Connected Transactions" in this report of the Directors and "Related Party Transactions" in Note 32 to the consolidated financial statements, at the end of FY 2019 or at any time during FY 2019, no transaction, arrangement or contract of significance in relation to the Company's business, which was entered into between the Company or any of its subsidiaries and any of its controlling shareholders and their subsidiaries, or in which a Director or an entity connected with a Director had, whether directly or indirectly, a material interest subsisted.

Directors' Interests in Competing Business

During FY 2019 and up to the date of this annual report, none of the Directors or their close associates (as defined under the Listing Rules) have any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

As at 31 December 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) (the "Associated Corporations"), 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 of the share option scheme are set out in Note 28 to the consolidated financial statements.

Rights to Purchase Shares or Debentures of Directors and Chief Executive

Other than the aforesaid share option scheme of the Company, at no time during the year ended 31 December 2019 had the Company or any of its subsidiaries entered into any arrangement which enables the Directors or chief executive of the Company to have the right to subscribe for securities of the Company or any of its Associated Corporations or to acquire benefits by means of acquisition of Shares in or debentures of the Company or any of its Associated Corporations.

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

Long Position in Shares

As at 31 December 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.

(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.

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

Long Position in Shares *(Continued)*

Notes: *(Continued)*

(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 31 December 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.

Sufficiency of Public Float

According to information that is available to the Company and within the knowledge of the Directors, the percentage of the Shares which are in the hands of the public (as defined in the Listing Rules) exceeds 25% of the Company's total number of issued Shares during FY 2019 and up to the date of this report.

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 30 to 52.

Connected Transactions

The following connected transaction and continuing connected transactions were recorded for FY 2019:

(I) Continuing connected transactions in relation to Master Purchase Agreement

On 25 April 2017, a Master Purchase Agreement was entered into between the Group and SCIT, an indirect wholly-owned subsidiary of a 30%-controlled company of a Substantial Shareholder and hence, a connected person of the Company under the Listing Rules, pursuant to which the Group may purchase iron ore from SCIT with reference to the agreed pricing method and procedures. The Master Purchase Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company and were approved by the independent Shareholders at the extraordinary general meeting of the Company held on 15 June 2017. The Master Purchase Agreement had expired on 31 December 2019 with the annual cap of the continuing connected transactions contemplated under the Master Purchase Agreement for FY 2019 amounting to US$83 million. Further details of the Master Purchase Agreement and the annual caps are set out in the announcement and the circular of the Company dated 25 April 2017 and 23 May 2017, respectively.

(II) Annual review of the continuing connected transactions

Pursuant to rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above disclosed continuing connected transactions and confirmed that they have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the agreement governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to rule 14A.56 of the Listing Rules, the Board has engaged the auditor of the Company to review the above disclosed continuing connected transactions of the Group for FY 2019 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued its unqualified letter to the Board containing its findings and conclusions in respect of the above disclosed continuing connected transactions of the Group in accordance with rule 14A.56 of the Listing Rules. A copy of the auditor’s letter has been provided to the Stock Exchange. The Company had complied with all disclosure requirements applicable to such continuing connected transactions under Chapter 14A of the Listing Rules.

Connected Transactions *(Continued)*

(III) Connected transaction in relation to Assignment and Novation Agreement

On 31 May 2019, an Assignment and Novation Agreement was entered into between the Company and Shougang Concord International, a 30%-controlled company (as defined under the Listing Rules) of a Substantial Shareholder and hence, a connected person of the Company (as defined under the Listing Rules). Pursuant to the Assignment and Novation Agreement, 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 for the consideration of HK$150 million. The assignment and novation of the rights and obligations was effected by way of the simultaneous execution of the conditional Novation Deed on the date of the Assignment and Novation Agreement.

The Assignment and Novation Agreement and the transactions contemplated thereunder, which constituted a connected transaction of the Company, were approved by the independent Shareholders at the extraordinary general meeting of the Company held on 24 July 2019. All conditions precedent in respect of the Assignment and Novation Agreement had been fulfilled accordingly and the completion took place on 7 August 2019 in accordance with the terms and conditions of the Assignment and Novation Agreement. Further details of the Assignment and Novation Agreement and the transactions contemplated thereunder are set out in the announcement and the circular of the Company dated 31 May 2019 and 8 July 2019, respectively. The Company had complied with all disclosure requirements applicable to the above connected transaction under Chapter 14A of the Listing Rules.

A summary of significant related party transactions (including the transactions disclosed above) is disclosed in Note 32 to the consolidated financial statements. Save for the transactions disclosed above, these related party transactions constitute connected transactions or continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules that are fully exempt under Chapter 14A of the Listing Rules.

Annual General Meeting

The 2020 AGM of the Company is scheduled to be held on Friday, 12 June 2020. A notice convening the 2020 AGM will be issued and disseminated to the Shareholders in due course.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 9 June 2020 to Friday, 12 June 2020 (both days inclusive), during which no transfer of the Shares will be registered. In order to be eligible to attend and vote at the 2020 AGM, all transfer of the Shares accompanied by the relevant properly completed transfer forms and the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 8 June 2020.

Auditor

The financial statements for FY 2019 have been audited by Messrs. Ernst & Young, who will retire at the 2020 AGM and, being eligible, offer itself for re-appointment. A resolution for the reappointment of Messrs. Ernst & Young as auditor of the Company is to be proposed at the 2020 AGM.

On behalf of the Board

Chong Tin Lung, Benny
Chairman

Hong Kong, 26 March 2020

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Newton Resources Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 75 to 177, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

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

Key audit matters *(Continued)*

Key audit matter

Disposal of Venca Investments Limited

On 31 December 2019, the Company entered into a disposal agreement for the sale of its entire interests in Venca Investments Limited (the "Disposal Group"), which engages in the iron concentrate business and gabbro-diabase and stone business of the Yanjiazhuang Mine (the "Disposal"). The Disposal represents a significant change to the composition of the Group's business segment and operations.

We considered the Disposal to be a key audit matter because the carrying values of these assets and liabilities were material and the identification and reclassification of these assets and liabilities as held for sale was complex. The Disposal will also significantly impact the strategic and operational activities of the remaining operations of the Group, and the account balances and related disclosures in the Group's consolidated financial statements will be significantly impacted.

At 31 December 2019, the Company classified the Disposal Group as held for sale. These assets and liabilities classified as held for sale amounted to RMB204.9 million and RMB108.2 million, respectively. An impairment charge on non-current assets of RMB14.5 million was recorded to reduce the carrying amount of the Disposal Group's net assets to the lower of fair value less costs to sell and the carrying amount.

The Group disclosed the accounting policies and details of impairment assessment of the assets of the Disposal Group classified as held for sale in Notes 2.4 Summary of significant accounting policies, 10 Discontinued operations, 13 Property, plant and equipment, 14 Intangible assets and 15 Leases to the consolidated financial statements.

How our audit addressed the key audit matter

Through discussions with management and reviews of minutes of meetings, we assessed management's plans to dispose of the interests in Venca Investments Limited. We reviewed the executed disposal agreement with the counterparty and checked whether the agreement was signed by persons with the necessary authority to do so. We also checked whether the assets and liabilities that were reclassified as held for sale, were consistent with those included in the executed agreement.

For the Disposal Group, we obtained management's calculation of the fair value less costs to sell, and we compared it to the carrying amount of the net assets to confirm the assets and liabilities were properly measured.

We performed walkthroughs relating to management's processes and controls in place to approve and account for the Disposal.

We reviewed the adequacy of disclosures, including events after the reporting period, made by management and evaluated whether these treatments met the requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operation.*

Key audit matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
Revenue from the Group's resources business amounted to RMB1,920.8 million in the Group's consolidated financial statements for the year and was recorded on the gross basis. The Group recognises revenue from contracts with customers on a gross basis when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. We identified revenue recognition in respect of the resources business as our audit focus because the terms of sales arrangements, including the timing of transfer of the products, delivery specifications including incoterms and nature of the promises to the customers, involve complexity and judgement in determining sales revenues on a gross or net basis and revenue cut-off. The Group disclosed the accounting policies and details of revenue recognition in Notes 2.4 Summary of significant accounting policies, 3 Significant accounting judgements and estimates and 5 Revenue to the consolidated financial statements.	We performed walkthroughs to understand the business model, the design of controls over the revenue cycle of resources business and evaluated its adequacy. We reviewed the revenue recognition policy applied by the Group to check its compliance with the IFRS requirements. More specifically we reviewed how the terms of the sales arrangements were considered within the revenue recognition process, including the discretion in determining the pricing and the responsibility for the risk of price fluctuation, the responsibility for the quality of goods, inventory risk and the responsibility for customers' complaints and requests, the timing of transfer of the products and delivery specifications, etc. In addition to substantive analytical reviews performed to understand how the revenue has trended over the year, we performed a detailed testing on transactions around the year-end, to check whether revenues were recognised in the correct accounting period. We also tested journal entries focusing on unusual or irregular transactions regarding revenue recognition. We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

(Continued)

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Tong Ka Yan, Augustine.

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2019

	Notes	**2019 RMB'000**	2018 RMB'000 (Restated)
Continuing operations			
Revenue	5	**1,920,800**	312,392
Cost of sales		**(1,890,596)**	(310,049)
Gross profit		**30,204**	2,343
Selling and distribution costs		**(4,989)**	(678)
Administrative expenses		**(18,914)**	(15,057)
Impairment losses on other current financial assets	20	**(11,000)**	–
Finance expense, net	7	**(17,088)**	(1,319)
Share of losses of an associate	16	**(92)**	(55)
Loss before tax from continuing operations	6	**(21,879)**	(14,766)
Income tax expenses	9	**(126)**	(54)
Loss for the year from continuing operations		**(22,005)**	(14,820)
Discontinued operations			
Loss for the year from discontinued operations	10	**(48,160)**	(92,751)
Loss for the year		**(70,165)**	(107,571)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**562**	(38)
Reclassification adjustments for a foreign operation disposed of during the year	29	**–**	17
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**562**	(21)
Other comprehensive income for the year, net of tax		**562**	(21)
Total comprehensive income for the year		**(69,603)**	(107,592)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000 (Restated)
Loss for the year attributable to the owners of the Company:			
– from continuing operations		**(22,005)**	(14,820)
– from discontinued operations		**(47,679)**	(91,186)
		(69,684)	(106,006)
Loss for the year attributable to non-controlling interests:			
– from continuing operations		**–**	–
– from discontinued operations		**(481)**	(1,565)
		(481)	(1,565)
Loss for the year		**(70,165)**	(107,571)
Total comprehensive income attributable to:			
Owners of the Company		**(69,122)**	(105,979)
Non-controlling interests		**(481)**	(1,613)
		(69,603)	(107,592)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted			
– For loss for the year *(RMB cents)*	12	**(1.74)**	(2.65)
– For loss from continuing operations *(RMB cents)*	12	**(0.55)**	(0.37)

Consolidated Statement of Financial Position

31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment	13	**1,028**	203,536
Intangible assets	14	**–**	722
Right-of-use assets	15(b)	**2,150**	–
Prepaid land lease payments	15(a)	**–**	942
Investment in an associate	16	**1,353**	1,445
Other long-term assets	17	**125,535**	–
Total non-current assets		**130,066**	206,645
Current assets			
Inventories	18	**–**	2,844
Trade and bills receivables	19	**292,854**	–
Other current financial assets	20	**79,548**	58,955
Prepayments and other receivables	21	**973**	25,461
Restricted bank deposits	22	**316,337**	219,050
Cash and cash equivalents	23	**89,359**	97,953
		779,071	404,263
Assets of a disposal group classified as held for sale	10	**204,947**	–
Total current assets		**984,018**	404,263
Current liabilities			
Trade and bills payables	24	**255,751**	1,125
Other current financial liabilities	20	**8,833**	84,193
Contract liabilities		**–**	10,007
Other payables and accruals		**5,570**	8,138
Interest-bearing bank and other borrowings	25	**449,557**	219,050
Income tax payables		**4,185**	7,939
		723,896	330,452
Liabilities directly associated with the assets classified as held for sale	10	**108,197**	–
Total current liabilities		**832,093**	330,452
Net current assets		**151,925**	73,811
Total assets less current liabilities		**281,991**	280,456

Consolidated Statement of Financial Position

31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Non-current liabilities			
Interest-bearing bank and other borrowings	25	**71,638**	–
Other non-current financial liabilities		**–**	500
Total non-current liabilities		**71,638**	500
Net assets		**210,353**	279,956
Equity			
Equity attributable to owners of the Company			
Share capital	26	**331,960**	331,960
Reserves	27	**(116,755)**	(47,633)
		215,205	284,327
Non-controlling interests		**(4,852)**	(4,371)
Total equity		**210,353**	279,956

Chong Tin Lung, Benny
Director

Luk Yue Kan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	Attributable to owners of the Company							
	Share capital RMB'000 Note 26	**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
At 1 January 2018	331,960	719,871	80,864	(25)	(742,364)	390,306	(4,248)	386,058
Loss for the year	–	–	–	–	(106,006)	(106,006)	(1,565)	(107,571)
Other comprehensive income for the year:								
Exchange differences related to foreign operations	–	–	–	27	–	27	(48)	(21)
Total comprehensive income for the year	–	–	–	27	(106,006)	(105,979)	(1,613)	(107,592)
Disposal of a subsidiary (Note 29)	–	–	–	–	–	–	1,490	1,490
At 31 December 2018 and 1 January 2019	**331,960**	**719,871***	**80,864***	**2***	**(848,370)***	**284,327**	**(4,371)**	**279,956**
Loss for the year	**–**	**–**	**–**	**–**	**(69,684)**	**(69,684)**	**(481)**	**(70,165)**
Other comprehensive income for the year:								
Exchange differences related to foreign operations	**–**	**–**	**–**	**562**	**–**	**562**	**–**	**562**
Total comprehensive income for the year	**–**	**–**	**–**	**562**	**(69,684)**	**(69,122)**	**(481)**	**(69,603)**
At 31 December 2019	**331,960**	**719,871***	**80,864***	**564***	**(918,054)***	**215,205**	**(4,852)**	**210,353**

* These reserve accounts comprise the deficiency in reserves of RMB116,755,000 (2018: RMB47,633,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000 (Restated)
Cash flows from operating activities			
Loss before tax:			
From continuing operations		**(21,879)**	(14,766)
From discontinued operations		**(48,160)**	(92,751)
Adjustments for:			
Depreciation of items of property, plant and equipment		**3,949**	4,265
Depreciation of right-of-use assets	15(b)	**158**	–
Amortisation of prepaid land lease payments	10(a)	**–**	37
Amortisation of other long-term assets	6	**7,815**	–
Impairment losses on property, plant and equipment	10(a)	**14,402**	59,083
Impairment losses on intangible assets	10(a)	**52**	216
Impairment losses on right-of-use assets	10(a)	**68**	–
Impairment losses on prepaid land lease payments	10(a)	**–**	296
Impairment losses on other current financial assets		**11,750**	–
Impairment losses on prepayments and other receivables	10(a)	**6,650**	1,313
(Write-back)/write-down of inventories to net realisable value	10(a)	**(710)**	258
Finance expense, net		**18,142**	2,498
Share of losses of an associate		**92**	55
Gain on disposal of a subsidiary		**–**	(104)
Cash flows before working capital changes		**(7,671)**	(39,600)
Decrease in inventories		**3,032**	2,350
(Increase)/decrease in trade and bills receivables		**(292,854)**	77,287
Increase in other current financial assets		**(37,296)**	(48,472)
Decrease in prepayments and other receivables		**6,017**	11,290
(Increase)/decrease in restricted bank deposits		**(91,427)**	314
Increase/(decrease) in trade and bills payables		**255,771**	(77,949)
Increase in other current financial liabilities		**20,336**	13,183
Decrease in contract liabilities		**(9,827)**	(3,029)
Increase in other payables and accruals		**550**	1,209
Cash used in operations		**(153,369)**	(63,417)
Interest received		**7,564**	7,452
Bank charges paid		**(1,126)**	(261)
Hong Kong profits tax paid		**(8)**	–
Mainland China income tax paid		**(52)**	–
Net cash flows used in operating activities		**(146,991)**	(56,226)

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000 (Restated)
Cash flows from investing activities			
Purchase of other long-term assets	17	**(131,580)**	–
Purchase of items of property, plant and equipment		**(955)**	(791)
Investment in an associate		**–**	(1,500)
Consideration received from the Disposal		**(896)**	–
Disposal of a subsidiary	29	**–**	(48)
Net cash flows used in investing activities		**(133,431)**	(2,339)
Cash flows from financing activities			
Proceeds from bank and other borrowings		**310,089**	–
Repayment of bank and other borrowing		**(19,466)**	–
Interest paid		**(18,484)**	(5,129)
Principal portion of lease payments		**(109)**	–
Net cash flows from/(used in) financing activities		**272,030**	(5,129)
Net decrease in cash and cash equivalents		**(8,392)**	(63,694)
Cash and cash equivalents at beginning of year		**97,953**	164,309
Effect of foreign exchange rate changes, net		**812**	(2,662)
Cash and cash equivalents at end of year		**90,373**	97,953
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**15,413**	16,875
Non-pledged time deposits with original maturity of less than three months when acquired	23	**73,946**	81,078
Cash and cash equivalents as stated in the consolidated statement of financial position	23	**89,359**	97,953
Cash attributable to discontinued operations	10(a)	**1,014**	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		**90,373**	97,953

1. Corporate and Group 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 year, the principal activity of the Company was investment holding and the principal activities of its subsidiaries included trading of iron ore and other commodities and mining, processing and sale of iron concentrates and gabbro-diabase and stone products.

During the year, the Company entered into a sale and purchase agreement (the "SPA") for the disposal of its entire interests in Venca Investments Limited ("Venca"), a direct wholly-owned subsidiary of the Company, for a total consideration of HK$109 million (the "Disposal of Venca"). Venca is an investment holding company and its principal operating subsidiary includes Lincheng Xingye Mineral Resources Co., Ltd ("Xingye Mining"), which owns and operates the Yanjiazhuang Mine, an iron and gabbro-diabase mine located in Yanjiazhuang Mining Area, Shiwopu, Haozhuang Town, Lincheng County, Hebei Province, the PRC (the "Yanjiazhuang Mine") (thereinafter collectively referred to as the "Disposal Group"). Upon the completion of the Disposal of Venca, the Group is to cease and discontinue the iron concentrate business and gabbro-diabase and stone business (the "Discontinued Operations of Venca"). An analysis of the results and cash flows of the Discontinued Operations of Venca is presented in Note 10 to the consolidated financial statements.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company (%)		Principal activities
			Direct	Indirect	
Ace Profit Investment Limited ("Ace Profit") (向利投資有限公司)	Hong Kong	Hong Kong Dollars ("HK$") 1	–	100	Commodity trading
Jet Bright Limited (仲耀有限公司) ****	Hong Kong	HK$1,189	–	100	Investment holding
Shou Ji International Trade Limited (首集國際貿易有限公司)	Hong Kong	HK$1	–	100	Commodity trading
Shou Ji International Transport Limited (首集國際運輸有限公司) ***	British Virgin Islands	United States Dollars ("USD"/"US$") 1	–	100	Provision of management services

1. Corporate and Group Information *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company (%)		Principal activities
			Direct	Indirect	
Shou Ji Services Limited (首集服務有限公司)	Hong Kong	HK$2	–	100	Provision of management services
Shou Ji Trading Limited (首集貿易有限公司) ***	Hong Kong	HK$1	–	100	Trading and provision of management services
Venca (永佳投資有限公司) ***/****	British Virgin Islands	US$1	100	–	Investment holding
Xingan League Newton Trading Company Limited (興安盟新礦貿易有限公司) **/***	Mainland China	Renminbi ("RMB") 40,000,000	–	100	Commodity trading
Xingye Mining (臨城興業礦產資源有限公司) */***/****	Mainland China	US$50,000,000	–	99	Mining, processing and the sale of iron concentrates and gabbro-diabase and stone products

* It is registered as a sino-foreign joint venture under PRC law.

** It is registered as a wholly-foreign-owned enterprise under PRC law.

*** Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

**** The Disposal Group

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain trade and bills receivables, certain trade and bills payables and iron ore futures/swap contracts accounted as financial assets at fair value through profit or loss which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in Note 2.4. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

2.1 Basis of Preparation *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

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

2.2 Changes in Accounting Policies and Disclosures

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

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 to IFRSs 2015-2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*

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

Except for the amendments to IFRS 9, amendments to IAS 19 and Annual Improvements to IFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the 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 to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

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

New definition of a lease

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

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

(a) *(Continued)*

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for 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 leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact 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 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 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

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

(a) *(Continued)*

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

Impact on transition *(Continued)*

Financial impact at 1 January 2019

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

	Increase/ (decrease) RMB'000
Assets	
Increase in right-of-use assets	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	–

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

	RMB'000
Operating lease commitments as at 31 December 2018	72
Less: commitments relating to short-term leases and those leases with a remaining lease term ended 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

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 continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the Group's financial statements.

(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. Based on the Group's study, the interpretation did not have any significant impact on the Group's financial statements.

2.3 Issued but not yet Effective International Financial Reporting Standards

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

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

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new standards and amendments to standards upon initial application. The Group is not yet in a position to ascertain their impacts on the Group's results of operations and financial position.

2.4 Summary of Significant Accounting Policies

Investment in an associate

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Fair value measurement

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

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

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

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

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

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

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Impairment of non-financial assets

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

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

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

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 Summary of Significant Accounting Policies *(Continued)*

Related parties *(Continued)*

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity; and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

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

Buildings	20 years
Motor vehicles, fixtures and others	3 – 15 years
Machinery	10 – 15 years

Depreciation of mining infrastructure is calculated using the units of production ("UOP") method to depreciate the cost of the assets proportionately to the extraction of the proved and probable mineral reserves. The mining infrastructure is estimated to have a useful life up to year 2044.

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

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

Construction in progress represents items of property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as part of the costs of inventories or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, or mineable reserve development. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 Summary of Significant Accounting Policies *(Continued)*

Stripping costs

As part of its mining operations, the Group incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using the UOP method. The capitalisation of development stripping costs ceases when the mine is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above).

Production stripping is generally considered to create two benefits, being either the production of inventories or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventories produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a stripping activity asset, if the following criteria are met:

a) Future economic benefits (being improved access to the ore body) are probable.

b) The component of the ore body for which access will be improved can be accurately identified.

c) The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations. Given the nature of the Group’s operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

2.4 Summary of Significant Accounting Policies *(Continued)*

Stripping costs *(Continued)*

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventories produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventories produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of "Mining infrastructure" in the consolidated statement of financial position. This forms part of the total investment in the relevant CGUs, which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2.4 Summary of Significant Accounting Policies *(Continued)*

Intangible assets

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

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licenses, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights, with a life longer than or equal to the license life, are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines using the UOP method, which are estimated to have a useful life up to year 2044. Mining rights are written off to profit or loss when the mining property is abandoned.

Exploration rights and assets

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

Exploration rights are amortised over the term of rights. Equipment used in exploration is depreciated over its useful life, or, if dedicated to a particular exploration project, over the life of the project on the straight-line basis, whichever is shorter. Amortisation and depreciation are included, in the first instance, in exploration rights and assets and are transferred to mining rights when it can be reasonably ascertained that an exploration property is capable of commercial production.

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Intangible assets *(Continued)*

Exploration rights and assets *(Continued)*

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless it is concluded that a future economic benefit is more likely to be realised than not. When it can be reasonably ascertained that an exploration property is capable of commercial production, exploration and evaluation costs capitalised are transferred to mining infrastructure or mining rights and amortised using the UOP method based on the proved and probable mineral reserves. Exploration and evaluation assets are written off to profit or loss when the exploration property is abandoned.

Long-term assets relating to a commodity supply contract with forward purchases of future outputs at discount (the “Contract”)

The Group entered into the Contract, pursuant to which there is an expectation in the quantity of commodities to be received under the Contract at the date of inception based on the estimated reserves and resources of the underlying mine and the contractual entitlements to future outputs. In view of the future outputs that will be physically delivered by the supplier and the purchases at discount by the Group that will not be net settled in cash under the Contract, the Company made an upfront payment to acquire the contractual rights and obligations under the Contract which would be considered as a deposit in exchange for the entitlements to the pre-sold commodities with purchase discounts offered by the supplier for the estimated quantities of commodities to be received at future dates under the Contract.

The upfront payment of the Company is recorded as a non-current asset which is stated at cost less accumulated amortisation and any impairment losses. Amortisation is recognised on the unit-of-production basis by matching the physical delivery of commodities during the respective accounting periods.

Leases (applicable from 1 January 2019)

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

Group as a lessee

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Leases (applicable from 1 January 2019) *(Continued)*

Group as a lessee *(Continued)*

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	3 years

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

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The 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 its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

2.4 Summary of Significant Accounting Policies *(Continued)*

Leases (applicable from 1 January 2019) *(Continued)*

Group as a lessee *(Continued)*

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

The Group applies the short-term lease recognition exemption to its short-term leases of offices premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

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

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

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

Leases (applicable before 1 January 2019)

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Investments and other financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. The Group has a significant proportion of trade and bills receivables with embedded derivatives for provisional pricing. These receivables are generally held to collect contract cash flows but do not meet the SPPI criteria and as a result must be held at fair value through profit or loss. Subsequent fair value gains or losses are taken to profit or loss.

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through other comprehensive income.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 Summary of Significant Accounting Policies *(Continued)*

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Impairment of financial assets *(Continued)*

General approach

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

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

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Impairment of financial assets *(Continued)*

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and bills payables, other payables, interest-bearing bank and other borrowings and other financial liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

2.4 Summary of Significant Accounting Policies *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement *(Continued)*

Financial liabilities at amortised cost

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as futures/swaps, to hedge its commodity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

2.4 Summary of Significant Accounting Policies *(Continued)*

Derivative financial instruments *(Continued)*

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Provisions

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

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

Provisions for the Group's obligations for rehabilitation are based on estimates of the required expenditure at the mine in accordance with the PRC rules and regulations. The obligation generally arises when the asset is installed or the ground environment is disturbed at the production location. The Group estimates its liabilities for final rehabilitation and mine closure based on detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining infrastructure. Over time, the discounted liability is increased for the change in present value based on the appropriate discount rate. The periodic unwinding of the discount is recognised within "finance costs" in profit or loss. The asset is depreciated using the UOP method over its expected life and the liability is accreted to the projected expenditure date. Additional disturbances or changes in estimates (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities) will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur at the appropriate discount rate.

Income tax

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

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

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

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

2.4 Summary of Significant Accounting Policies *(Continued)*

Income tax *(Continued)*

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

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

Revenue recognition

Revenue from contracts with customers

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

(a) Sale of iron ores, coals and stone products

Revenue from the sale of iron ores, coals and stone products are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of these products.

Certain of the Group's products are provisionally priced at the date when revenue is recognised; however, substantially all iron ore sales are reflected at final prices in the results for the year. The final selling price for all provisionally priced products is based on the price for the quotational period stipulated in the contract. Final prices for iron ores are normally determined between 30 and 60 days after delivery to the customer. The change in value of the provisionally priced receivable is based on the relevant forward market prices and is recognised in revenue from other sources.

2.4 Summary of Significant Accounting Policies *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

(b) Freight/shipping services

For Cost and Freight ("CFR") arrangements, the Group is responsible for providing freight/shipping services (as principal) after the date that the Group transfers control of the iron ore to its customers. The Group, therefore, has a separate performance obligation for freight/shipping services which are provided solely to facilitate the sale of the commodities. The transaction price is allocated to the iron ore and freight/shipping services using the relative stand-alone selling price method. The output method is used for measuring progress of the freight/shipping services because there is a direct relationship between the Group's effort and the transfer of service to the customer. The Group recognises revenue on the basis of the time elapsed relative to the total expected time to complete the service.

Revenue from providing freight/shipping services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group.

(c) Car-parking fee

Revenue from the car-parking operation is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

(a) Quotation period price adjustments

A proportion of the Group's sales are provisionally priced, where the final price is referenced to a future market-based (Platts) index price. Adjustment to the sales price occurs based on movements in the index price up to the end of the quotational period (QP). These are referred to as provisional pricing arrangements and are such that the selling price for the iron ore is determined on a specified future date after shipment to the customer. Adjustments to the sales price therefore occur up until the end of the QP. The period between provisional pricing and the end of the QP is generally between one and three months. For those provisional pricing arrangements, any future changes that occur over the QP are embedded within trade receivables. Given the exposure to the commodity price, these provisionally priced trade receivables are measured at fair value through profit or loss (Note 19). Subsequent changes in the fair value of provisionally priced trade receivables are recognised in revenue but are presented separately from revenue from contracts with customers.

(b) Gain or loss on iron ore futures/swap contracts

The Group's designated hedging executives have started to manage the Group's exposure over iron ore price fluctuation by entering into iron ore futures and swaps contracts. Net gain or loss from those hedging tools to manage the operational risks that may arise from the selling of iron ore is recognised as revenue from other sources.

2.4 Summary of Significant Accounting Policies *(Continued)*

Revenue recognition *(Continued)*

Other income

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

Rental income is recognised on a time proportion basis over the lease terms.

Contract liabilities

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

Employee benefits

The Group's employer contributions vest fully with the employees when contributed into the Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 20% of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 Summary of Significant Accounting Policies *(Continued)*

Foreign currencies

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

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

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

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

For the purpose of the consolidated statement of cash flows, cash flows of subsidiaries operating in places other than Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are periodically evaluated and are based on the Group's experience and other factors, including expectations of future events. Uncertainty about these significant assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required. Further information on each of these areas are summarised below.

3.1 Judgements

(a) Renewal of the mining permit of the Yanjiazhuang Mine

The Group, through Xingye Mining, owns and operates the Yanjiazhuang Mine in Hebei Province, the PRC. The Yanjiazhuang Mine is an open-pit iron ore and gabbro-diabase mine. However, the mining permit of the Yanjiazhuang Mine (the "Mining Permit") had expired in July 2017. In 2017, the application for the renewal of the Mining Permit (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. Throughout the years ended 31 December 2018 and 2019, the management of Xingye Mining has been working closely with various PRC government authorities in respect of the Renewal. Despite the effort of Xingye Mining, the Renewal application has not been processed by the relevant government authority during the year ended 31 December 2019 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 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 commenced the preparation of the required reports with a view to pushing forward 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.

3. Significant Accounting Judgements and Estimates *(Continued)*

3.1 Judgements *(Continued)*

(b) Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The renewal period for leases of office premises is not included as part of the lease term as it is not reasonably certain to be exercised.

(c) Identifying performance obligation and determining the timing of satisfaction of freight/shipping services

For the Group's CFR customers, the Group is responsible for providing freight/shipping services. While the Group does not actually provide nor operate the vessels, the Group has determined that it is principal in these arrangements because it has concluded it controls the specified services before they are provided to the customer. The terms of the Group's contract with the service provider give the Group the ability to direct the service provider to provide the specified services on the Group's behalf.

The Group has also considered that revenue for freight/shipping services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the freight/shipping services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The Group determined that the output method is the best method for measuring progress of the freight/shipping services because there is a direct relationship between the Group's effort and the transfer of service to the customer. The Group recognises revenue on the basis of the time elapsed relative to the total expected time to complete the service.

3. Significant Accounting Judgements and Estimates *(Continued)*

3.2 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below or in the related accounting policy notes. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Differences between actual and expected results may be material. Such changes are reflected in the assumptions when they occur.

(a) Impairment assessments of non-current assets and fair value measurement

The Group assesses each CGU at least annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the value in use and its fair value less costs of disposal. The carrying values of the non-current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment assessments (the value in use calculations) require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, mine reserves (see below) and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the CGUs. In such circumstances, some or all of the carrying amounts of the CGUs may be further impaired or the impairment charge of which may be reduced with the impact recognised in profit or loss.

When the fair values of non-financial assets (the CGUs) need to be determined, e.g., for the purposes of calculating fair value less costs of disposal for impairment testing purposes, fair values are measured using valuation techniques including the analytical trending method and the observable market inputs from recognised sources or prices (or the replacement costs) of similar or comparable assets from a secondary market with adjustments for inflation (with reference to the relevant producer price index), useful life calculation, deterioration, obsolescence, marketability and other relevant factors. Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

3. Significant Accounting Judgements and Estimates *(Continued)*

3.2 Estimation uncertainty *(Continued)*

(b) Mine reserves

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the significant judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mine reserves can be designated as "proved" and "probable". Proved and probable mine reserve estimates are updated on regular intervals, taking into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable mine reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in both depreciation and amortisation charges calculated on the UOP basis and the time period for discounting the rehabilitation provision.

(c) Useful lives of property, plant and equipment

The Group estimates useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and actions of its competitors. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will record a reserve for technically obsolete assets that have been abandoned.

(d) Provision for expected credit losses on current financial assets at amortised cost

For current financial assets at amortised cost, the ECL is based on both of the 12-month ECL and lifetime ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

3. Significant Accounting Judgements and Estimates *(Continued)*

3.2 Estimation uncertainty *(Continued)*

(e) Net realisable value of inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated cost to be incurred to complete the production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpiles and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

(f) Leases – estimating the incremental borrowing rate

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

4. Segment Information

Operating Segment Information

Over the past few years, the Group has made substantive efforts to develop its trading business of iron ore. In 2019, along with the Group entering into the assignment and novation agreement (the "Assignment and Novation Agreement") with Shougang Concord International Enterprises Company Limited ("Shougang Concord International") and the Disposal, the Group has transformed from a pure mine owner and operator into a commodity supplier, specialising in offering of a wide spectrum of iron ore products and other commodities and the distribution of resources extracted by and sourced from its own mine and/or other independent mine owners. As such, the business of the Group has successfully evolved into the resources business (the "Resources Business"). As such, the internal organisation structure and reporting have been changed and the discontinued operations attributable to the iron concentrate business and gabbro-diabase and stone business are no longer separately assessed or reviewed. Instead, the information reviewed by the chief operating decision makers ("CODM") as at the end of the reporting period only focuses on the performance of the continuing operations.

The Resources Business has been identified on the basis of internal management reports prepared in accordance with accounting policies that conform to IFRSs as disclosed in Note 2.4, that are regularly reviewed by the CODM (i.e. the executive directors of the Company). The CODM regularly reviews revenue analysis and profit/(loss) for the year of the Group as a whole to make decisions about resource allocation. Other than these, no other discrete financial information is available or adopted for the assessment of performance.

As discussed above, the iron concentrate business and gabbro-diabase and stone business have been classified as discontinued operations and were excluded from the segment information for the year ended 31 December 2019, and there was no separate segment information other than the entity level information which is prepared since the Group has a single operating segment. As a result of the above changes in segment structure, the comparative figures of segment information had been restated to reflect the classification of the iron concentrate business and gabbro-diabase and stone business during the current year as discontinued operations which are no longer separately assessed or reviewed.

4. Segment Information *(Continued)*

Geographical Segment Information

(a) Revenue from external customers

	2019 RMB'000	2018 RMB'000 (Restated)
Mainland China	**1,896,518**	312,392
Others	**24,282**	–
	1,920,800	312,392

The revenue information from continuing operations above is based on the ports of discharge.

(b) Non-current assets

The Group's non-current assets from continuing operations are mainly based in Hong Kong.

Information about major customers

The analysis of the Group's revenue from continuing operations by major customers (including quotation period price adjustment, however excluding gain or loss on iron ore future/swap contracts), which a single external customer has contributed 10% or more to the Group's revenue, is as follows:

	2019 RMB'000	2018 RMB'000 (Restated)
Customer A	**568,373**	–[1]
Customer B	**452,085**	41,571
Customer C	**308,400**	–[1]
Customer D	**219,158**	–[1]
Customer E	**N/A**	153,693
Customer F	**N/A**	54,032

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

The revenue contributed by the above customers are attributable to the Resources Business segment in both years.

5. Revenue

An analysis of revenue is as follows:

	2019 RMB'000	2018 RMB'000 (Restated)
Revenue from contracts with customers	**1,926,074**	312,392
Revenue from other sources:		
Quotation period price adjustments (Note)	**(4,713)**	–
Losses on iron ore futures/swap contracts	**(561)**	–
	1,920,800	312,392

Note: Certain of the Group's iron ore products are provisionally priced at the date when revenue is recognised. The change in value of the provisionally priced receivables is based on the relevant forward market prices and is included in "quotation period price adjustments" above.

5. Revenue *(Continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

Segment	Resources Business	
	2019	2018
	RMB'000	RMB'000
		(Restated)
Type of goods/services		
Sale of iron ores	**1,802,986**	310,290
Sale of coals	**7,570**	2,102
Freight/shipping services	**115,518**	–
Total revenue from contracts with customers	**1,926,074**	312,392
Geographical markets		
Mainland China	**1,898,246**	312,392
Others	**27,828**	–
Total revenue from contracts with customers	**1,926,074**	312,392
Timing of revenue recognition		
Goods transferred at a point in time	**1,810,556**	312,392
Services transferred over time	**115,518**	–
Total revenue from contracts with customers	**1,926,074**	312,392

Notes:

(a) Revenue from external customers by geographical location is based on the ports of discharge.

(b) There were no intersegment sales for the year ended 31 December 2019 (2018: Nil).

5. Revenue *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information *(Continued)*

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

	2019 **RMB'000**	2018 RMB'000 (Restated)
Sale of coals	**7,570**	–

(ii) Performance obligations

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

Sale of iron ores

Each iron ore shipment is governed by a sales contract with the customer, including spot sales agreements and long-term offtake agreements. For the Group's iron ore sales that are sold under CFR Incoterms, whereby the Group is also responsible for providing freight/shipping services, the freight/shipping service represents a separate performance obligation in these situations.

Revenue from iron ore sales is recognised when control of the iron ore passes to the customer, which generally occurs at a point in time when the iron ore is physically transferred onto a vessel. This is the point where title passes to the customer together with significant risks and rewards of ownership.

Freight/shipping services

Under these freight/shipping arrangements, revenue is recognised over time using an output basis to measure progress towards complete satisfaction of the service as this best represents the Group's performance. This is on the basis that the customer simultaneously receives and consumes the benefits provided by the Group as the services are being provided.

Sale of coals

The performance obligation is satisfied upon delivery of coals, and deposits are normally required before delivery.

6. Loss Before Tax from Continuing Operations

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

	Notes	2019 RMB'000	2018 RMB'000 (Restated)
Cost of inventories sold		**1,776,100**	310,049
Shipping costs		**115,518**	–
Gain on iron ore futures/swap contracts included in cost of sales		**(8,837)**	–
Depreciation of items of property, plant and equipment		**216**	43
Depreciation of right-of-use assets	15(d)	**126**	–
Amortisation of other long-term assets included in cost of sales	17	**7,815**	–
Minimum lease payments under operating leases for office tenancy		**–**	1,009
Lease payments not included in the measurement of lease liabilities	15(d)	**1,173**	–
Auditor's remuneration (including out-of-pocket expenses)		**2,673**	2,158
Employee benefit expense (excluding directors' remuneration (Note 8)):			
– Wages, salaries and allowances		**6,036**	3,156
– Pension scheme contributions		**311**	180

7. Finance Expense, Net

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

	Note	**2019 RMB'000**	2018 RMB'000 (Restated)
Bank interest income		**7,575**	6,731
Interest on bank and other borrowings		**(20,239)**	(5,165)
Guarantee fee		**(1,706)**	–
Interest on lease liabilities	15(d)	**(37)**	–
Net foreign exchange losses		**(1,560)**	(2,632)
Bank charges		**(1,121)**	(253)
Finance expense, net		**(17,088)**	(1,319)

8. Emoluments of Directors and Senior Management

Details of the remuneration of directors, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	2019 RMB'000	2018 RMB'000
Fees	**892**	965
Other emoluments:		
Salaries, allowances and benefits in kind	**5,127**	4,331
Discretionary bonuses	**306**	671
Pension scheme contributions	**32**	24
	5,465	5,026
Total	**6,357**	5,991

8. Emoluments of Directors and Senior Management *(Continued)*

(a) Executive directors and non-executive directors

The remuneration paid to executive and non-executive directors during the years ended 31 December 2019 and 2018 were as follows:

2019	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive directors:					
Mr. Chong Tin Lung, Benny	–	1,691	–	16	1,707
Mr. Luk Yue Kan	–	1,798	306	16	2,120
Mr. Li Changfa [(2)]	–	1,638	–	–	1,638
	–	5,127	306	32	5,465
Non-executive director:					
Mr. Wu Wai Leung, Danny [(1)]	193	–	–	–	193
	193	–	–	–	193
Total	193	5,127	306	32	5,658

[(1)] Resigned on 1 November 2019

[(2)] Retired on 1 March 2020

8. Emoluments of Directors and Senior Management *(Continued)*

(a) Executive directors and non-executive directors *(Continued)*

2018	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive directors:					
Mr. Chong Tin Lung, Benny [1]	–	1,127	–	9	1,136
Mr. Li Changfa	–	1,560	260	–	1,820
Mr. Luk Yue Kan	–	1,644	411	15	2,070
	–	4,331	671	24	5,026
Non-executive directors:					
Dr. Cheng Kar Shun [2]	73	–	–	–	73
Mr. Wu Wai Leung, Danny	223	–	–	–	223
	296	–	–	–	296
Total	296	4,331	671	24	5,322

(1) Appointed on 9 April 2018

(2) Resigned on 9 April 2018

8. Emoluments of Directors and Senior Management *(Continued)*

(b) Independent non-executive directors

The fees paid to independent non-executive directors during the years ended 31 December 2019 and 2018 were as follows:

	2019 RMB'000	2018 RMB'000
Mr. Tsui King Fai	**233**	223
Mr. Lee Kwan Hung, Eddie	**233**	223
Mr. Shin Yick, Fabian	**233**	223
	699	669

(c) Five highest paid individuals

The five highest paid individuals during the year included three (2018: three) directors, details of whose remuneration are set out in Note 8(a) above. Details of the remuneration for the year of the remaining two (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 RMB'000	2018 RMB'000
Salaries, allowances and benefits in kind	**1,299**	1,772
Discretionary bonuses	**783**	165
Pension scheme contributions	**23**	15
	2,105	1,952

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

	Number of Individual(s)	
	2019	2018
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**2**	1
	2	2

8. Emoluments of Directors and Senior Management *(Continued)*

(c) Five highest paid individuals *(Continued)*

During the year ended 31 December 2019, no emoluments were paid by the Group to any of the persons who are or were directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, as a director of any member of the Group or of any other office in connection with the management of affairs of any member of the Group.

(d) Emoluments of senior management

The emoluments of senior management whose profiles are included in the section headed "Directors' and Senior Management's Profile" of this annual report are already disclosed as the emoluments of directors in Note 8(a) above.

9. Income Tax Expenses

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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 years ended 31 December 2019 and 2018.

	2019 **RMB'000**	2018 RMB'000 (Restated)
Current – Hong Kong		
Charge for the year	**–**	74
Over provision in prior year	**(113)**	(74)
Current – Mainland China	**239**	54
Total tax charge for the year from continuing operations	**126**	54

There was no tax charge from discontinued operations for the years ended 31 December 2019 and 2018.

9. Income Tax Expenses *(Continued)*

A reconciliation of the tax expense applicable to loss before tax at the statutory income tax rates in Hong Kong and Mainland China where the main operating entities of the Group are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	2019						2018 (Restated)					
	Hong Kong		**Mainland China**		**Total**		Hong Kong		Mainland China		Total	
	RMB'000	**%**	**RMB'000**	**%**	**RMB'000**	**%**	RMB'000	%	RMB'000	%	RMB'000	%
Loss before tax from continuing operations	**(11,823)**		**(10,056)**		**(21,879)**		(14,977)		211		(14,766)	
Loss before tax from discontinued operations	**(13)**		**(48,147)**		**(48,160)**		(3,061)		(89,690)		(92,751)	
	(11,836)		**(58,203)**		**(70,039)**		(18,038)		(89,479)		(107,517)	
Tax at the statutory tax rate	**(1,953)**	**16.5**	**(14,550)**	**25.0**	**(16,503)**	**23.6**	(2,976)	16.5	(22,370)	25.0	(25,346)	23.6
Lower tax rate enacted by local authority	**25**	**(0.2)**	**–**	**–**	**25**	**(0.1)**	(82)	0.4	–	–	(82)	0.1
Adjustments in respect of current tax of previous periods	**(113)**	**1.0**	**–**	**–**	**(113)**	**0.2**	(74)	0.4	–	–	(74)	0.1
Income not subject to tax	**(314)**	**2.6**	**–**	**–**	**(314)**	**0.4**	(394)	2.2	–	–	(394)	0.3
Expenses not deductible for tax	**2,215**	**(18.7)**	**150**	**(0.3)**	**2,365**	**(3.4)**	3,216	(17.8)	142	(0.2)	3,358	(3.1)
Tax effect of unrecognised tax losses and deductible temporary differences	**27**	**(0.2)**	**14,639**	**(25.1)**	**14,666**	**(20.9)**	310	(1.7)	22,282	(24.9)	22,592	(21.1)
Tax charge at the Group's effective rate	**(113)**	**1.0**	**239**	**(0.4)**	**126**	**(0.2)**	–	–	54	(0.1)	54	(0.1)
Tax charge from continuing operations at the effective rate	**(113)**	**1.0**	**239**	**(2.4)**	**126**	**(0.6)**	–	–	54	25.6	54	(0.4)
Tax charge from discontinued operations at the effective rate	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–

9. Income Tax Expenses *(Continued)*

The Group has no unrecognised tax loss from continuing operations arising from entities operating in Hong Kong as at 31 December 2019 and 2018. The Group has unrecognised tax losses from continuing operations arising from an entity operating in Mainland China of RMB11,000,000 (2018: Nil) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as it is considered not probable that sufficient taxable profits will be available against which the unused tax losses can be utilised by the Group.

10. Discontinued Operations

(a) Disposal of Venca

On 31 December 2019, the Company entered into the SPA for the Disposal of Venca (Note 1). As at 31 December 2019, the Disposal Group was classified as a disposal group held for sale and as Discontinued Operations of Venca. The Disposal Group and the iron concentrate business and gabbro-diabase and stone business are no longer included in the Note 4 for operating segment information.

The results of the Disposal Group for the respective years are presented below:

	2019 RMB'000	2018 RMB'000
Revenue	**2,601**	5,741
Cost of sales	**(2,524)**	(3,340)
Other income and gains	**1,515**	–
Selling and distribution costs	**(20)**	(250)
Administrative expenses	**(9,951)**	(15,198)
Impairment losses on property, plant and equipment	**(14,402)**	(59,083)
Impairment losses on intangible assets	**(52)**	(216)
Impairment losses on right-of-use assets (2018: impairment losses on prepaid land lease payments)	**(68)**	(296)
Impairment losses on prepayments and other receivables	**(6,650)**	(1,313)
Impairment losses on other current financial assets	**(750)**	–
Other expenses	**(16,805)**	(16,329)
Finance expense, net	**(1,054)**	(1,179)
Loss before tax from the Discontinued Operations of Venca	**(48,160)**	(91,463)
Income tax expense	**–**	–
Loss for the year from the Discontinued Operations of Venca	**(48,160)**	(91,463)

10. Discontinued Operations *(Continued)*

(a) Disposal of Venca *(Continued)*

Loss for the year from the Discontinued Operations of Venca is arrived at after charging/(crediting):

	Notes	**2019 RMB'000**	2018 RMB'000
Cost of inventories sold		**2,524**	3,340
Depreciation of items of property, plant and equipment		**3,733**	4,187
Depreciation of right-of-use assets (2018: amortisation of prepaid land lease payments)	15(a), 15(b)	**32**	37
Minimum lease payments under operating leases for office tenancy		**–**	166
Lease payments not included in the measurement of lease liabilities		**100**	–
(Write-back)/write-down of inventories to net realisable value		**(710)**	258
Estimated possible payments on the outstanding gabbro-diabase resources fee payable		**15,680**	15,680
Employee benefit expense (excluding directors' remuneration)			
– Wages, salaries and allowances		**3,792**	5,399
– Pension scheme contributions		**610**	244
Gross rental income from leasing of equipment		**(1,515)**	–

10. Discontinued Operations *(Continued)*

(a) Disposal of Venca *(Continued)*

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

	Notes	2019 RMB'000
Assets		
Property, plant and equipment	13	**185,110**
Intangible assets	14	**670**
Right-of-use assets	15(b)	**874**
Inventories		**522**
Other current financial assets		**4,968**
Prepayments and other receivables		**11,789**
Cash and cash equivalents		**1,014**
Assets of a disposal group classified as held for sale		**204,947**
Liabilities		
Trade and bills payables		**(1,145)**
Other current financial liabilities		**(100,247)**
Contract liabilities		**(180)**
Other payables and accruals		**(2,222)**
Income tax payable		**(3,903)**
Other non-current financial liabilities		**(500)**
Liabilities directly associated with the assets classified as held for sale		**(108,197)**
Net assets directly associated with the Disposal Group		**96,750**

10. Discontinued Operations *(Continued)*

(a) Disposal of Venca *(Continued)*

Impairment assessment in 2019

The non-current assets of the Disposal Group were classified as a disposal group held for sale and are measured at the lower of their carrying amounts and fair values less costs to sell. Fair values less costs to sell were estimated based on the consideration negotiated during the Disposal of Venca. The fair values less costs to sell, carrying amounts and impairment provision of the non-current assets of the Disposal Group as at 31 December 2019 are as follows:

	Carrying amounts	Fair values less costs to sell	Impairment provision
	RMB'000	RMB'000	RMB'000
Non-current assets of the Disposal Group	201,176	186,654	14,522

The impairment assessments for the non-current assets of the Disposal Group as at 31 December 2019 resulted in impairment losses on the following assets:

Impairment losses recognised on property, plant and equipment
Impairment losses of RMB14,402,000 (Note 13) was recognised during the year ended 31 December 2019 to write down the carrying amounts of the property, plant and equipment of the Disposal Group to their fair value less costs to sell of RMB185,110,000 as at 31 December 2019 (2018: RMB59,083,000 was recognised during the year ended 31 December 2018 to write down the carrying amounts of the property, plant and equipment to their recoverable amounts of RMB196,057,000).

Impairment losses recognised on intangible assets
Impairment losses of RMB52,000 (Note 14) was recognised during the year ended 31 December 2019 to write down the carrying amounts of the intangible assets of the Disposal Group to their fair value less costs to sell of RMB670,000 as at 31 December 2019 (2018: RMB216,000 was recognised during the year ended 31 December 2018 to write down the carrying amounts of the intangible assets to their recoverable amounts of RMB722,000).

10. Discontinued Operations *(Continued)*

(a) Disposal of Venca *(Continued)*

Impairment assessment in 2019 *(Continued)*

Impairment losses recognised on right-of-use assets (2018: impairment losses recognised on prepaid land lease payments)

Impairment losses of RMB68,000 (Note 15(b)) was recognised during the year ended 31 December 2019 to write down the carrying amounts of the right-of-use assets of the Disposal Group to their fair value less costs to sell of RMB874,000 as at 31 December 2019 (2018: RMB296,000 (Note 15(a)) was recognised during the year ended 31 December 2018 to write down the carrying amounts of the prepaid land lease payments to their recoverable amounts of RMB974,000).

Impairment assessment in 2018

In accordance with the Group's accounting policies, each asset or 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 and the gabbro-diabase and stone CGU, which are treated as two separate CGUs.

Iron concentrate CGU:

Attributed to the additional time that may be required to obtain the approval for the Renewal of the Mining Permit, the Group's original target to resume the trial production of the iron concentrate business at the Yanjiazhuang Mine would possibly be further postponed. Taking into consideration the increase in uncertainty in connection with the Renewal, the aforesaid possible delay in production, the business nature and prospect of Xingye Mining, the risk premium, and therefore, the discount rate applied to the 2018 Assessment (as defined below) have been increased. In view of these, management has performed an impairment assessment on the carrying amounts of the Group's property, plant and equipment, intangible assets and prepaid land lease payments of the iron concentrate CGU at 31 December 2018 (the "2018 Assessment").

10. Discontinued Operations *(Continued)*

(a) Disposal of Venca *(Continued)*

Impairment assessment in 2018 *(Continued)*

Iron concentrate CGU: *(Continued)*

In assessing whether impairment is required, the carrying value of the assets of the iron concentrate CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and its value in use ("VIU"). The recoverable amount of the iron concentrate CGU was estimated based on its VIU as determined by discounting the future cash flows to be generated from the continuing use of this CGU, rather than its fair value less costs of disposal which could not capture its future earning potential, and with reference to the valuation report issued by an independent professionally qualified valuer. The recoverable amount of the iron concentrate CGU was determined based on a VIU calculation using cash flow projections according to financial budgets covering the six-year period approved by the management of Xingye Mining with a pre-tax discount rate of approximately 22.65%. For the 2018 Assessment, the CGU cash flows beyond the six-year period are extrapolated using a 2% growth rate, which was the expected inflation rate, until the depletion of estimated proved and probable ore reserves. Other key assumptions used in the estimation of VIU for the iron concentrate CGU are summarised as follows:

Recoverable reserves – Economic recoverable reserves represent Xingye Mining management's expectations at the time of impairment testing, which comprise estimated proved and probable ore reserves of approximately 260 Mt based on an independent technical report of the Yanjiazhuang Mine dated 21 June 2011 (the "ITR"). However, the Mining Permit had expired in July 2017. In 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. Throughout the year ended 31 December 2018, the management of Xingye Mining has been working closely with various PRC government authorities in respect of the Renewal. Despite the effort of Xingye Mining, the Renewal application has not been processed by the relevant government authority during the year ended 31 December 2018 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 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 commenced the preparation of the required reports with a view to pushing forward 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. Therefore, the estimated cash flow projections have been extended to future periods until the depletion of estimated proved and probable ore reserves.

10. Discontinued Operations *(Continued)*

(a) Disposal of Venca *(Continued)*

Impairment assessment in 2018 *(Continued)*

Iron concentrate CGU: *(Continued)*

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins of the first six-year period in the range of 25% to 30% for the 2018 Assessment are based on the industry average gross margin achieved, adjusted for Xingye Mining management's expectations for possible changes in the production costs and estimated market prices. The budgeted gross margins beyond the first six-year period are based on the estimated long term sales price of iron concentrates as reference to the relevant market and/or analyst researches of approximately RMB710 per tonne and unit production cost of about 53% of sales according to the ITR recommendation with inflation adjustment. These market inputs have been changed as there were changes in market expectations and conditions from time to time. In addition to the above, in order to foster the local villagers to resolve the local matters in an agreeable manner, the management of Xingye Mining devised a preliminary proposal that, by allowing the local villagers to participate in Xingye Mining's mining operations at the Yanjiazhuang Mine, the local villagers could be awarded based on the sales performance of the iron concentrate business (when resumed). Such award sharing proposal, when crystallised, represents the additional costs to the Yanjiazhuang Mine and inevitably leads to the possible reduction in the profitability of the iron concentrate CGU in the long run. Such proposal is, however, still subject to more negotiations with the local village representatives as well as the local authorities, finalisation and also to the Renewal. The award to the local villagers was included in the impairment testing as additional costs for the 2018 Assessment.

Production volumes and production start date – Estimated production volumes of the first six-year period of approximately 2.6 Mt, in aggregate, and the estimated production start date has been delayed based on the detailed mine plans and take into account the latest assessment of the additional time that may be required to obtain the approval for the adjustment of the forestry ecology planning covering the Yanjiazhuang Mine area and the Renewal, and development plans of the Yanjiazhuang Mine agreed by the management of Xingye Mining. The production volumes beyond the aforesaid period largely follow the ITR.

Capital expenditures – Estimated routine and replacement capital expenditures, including the remaining capital expenditures for phase two and phase three of the Company's three-phase expansion plan in respect of the Yanjiazhuang Mine and the fees of mining rights, have been estimated based on Xingye Mining management's expectations for the development plan of the Yanjiazhuang Mine and taken into account the newly-issued rules concerning fees of mining rights that could apply to the renewed mining rights in future.

10. Discontinued Operations *(Continued)*

(a) Disposal of Venca *(Continued)*

Impairment assessment in 2018 *(Continued)*

Iron concentrate CGU: *(Continued)*
Discount rate – The discount rate used is pre-tax and reflects specific risks associated with the Group and/or its business and takes into account the industry's capital structure and applicable market borrowing costs at the time of the impairment test. The applicable discount rate increased to approximately 22.65% for the 2018 Assessment so as to reflect the increase in uncertainty in connection with the Renewal and the aforesaid possible delay in production, the business nature and prospect of Xingye Mining.

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

Gabbro-diabase and stone CGU:
In assessing whether an impairment is required, the carrying value of the assets of the gabbro-diabase and stone CGU is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and its VIU. Attributed to the absence of reliably estimated cash flow projections in view of the disaster arisen from inclement weather in Hebei Province, the PRC in late July 2016 and the suspension of production of the gabbro-diabase and stone business since 2016, a formal estimate of the recoverable amount is performed and the recoverable value of the gabbro-diabase and stone CGU was determined based on fair value less costs of disposal, and with reference to the valuation report issued by an independent professionally qualified valuer.

Fair values are measured using valuation techniques including the analytical trending method and the analysis of observable market inputs from recognised sources or prices (or the replacement costs) of similar or comparable assets from a secondary market with adjustments for inflation (with reference to the relevant producer price index), useful life calculation, deterioration, obsolescence, marketability and other relevant factors. Fair value represents the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement of the gabbro-diabase and stone CGU was categorised under the level 3 fair value hierarchy. The significant unobservable inputs used to determine the fair value for the year ended 31 December 2018 were (i) the marketability, (ii) the useful life calculation and (iii) the residual value.

10. Discontinued Operations *(Continued)*

(a) Disposal of Venca *(Continued)*

Impairment assessment in 2018 *(Continued)*

Based on the above-mentioned impairment assessments, the recoverable amounts, carrying amounts and impairment provision of the iron concentrate CGU and the gabbro-diabase and stone CGU as at 31 December 2018 are as follows:

	Recoverable amounts RMB'000	Carrying amounts after impairment RMB'000	Impairment provision RMB'000
Iron concentrate CGU of the Disposal Group	197,000	193,679	58,294
Gabbro-diabase and stone CGU of the Disposal Group	4,664	4,074	1,301

(b) Disposal of car-park business

Upon the completion of the disposal of the car-park business during the year ended 31 December 2018, the Group ceased and discontinued the business of the operation and management of car-parking spaces, i.e. the car-park business.

The results of the discontinued operation of the car-park business for the year ended 31 December 2018 are presented below:

	Note	2018 RMB'000
Revenue		1,562
Cost of sales		(1,849)
Administrative expenses		(544)
Other expenses		(560)
Gain on disposal of a subsidiary	29	104
Finance expense, net		(1)
Loss before tax from the discontinued operation of the car-park business		(1,288)
Income tax expense		–
Loss for the year from the discontinued operation of the car-park business		(1,288)

10. Discontinued Operations *(Continued)*

(b) Disposal of car-park business *(Continued)*

Loss for the year ended 31 December 2018 from the discontinued operation of car-park business is arrived at after charging:

	2018 RMB'000
Cost of services provided	1,849
Depreciation of items of property, plant and equipment	35
Minimum lease payments under operating leases for a car-park	1,557
Employee benefit expenses	
– Wages, salaries and allowances	666
– Pension scheme contributions	7

(c) The net cash flows incurred by the discontinued operations of Venca and the car-park business are as follows:

	2019 **RMB'000**	2018 RMB'000 (Restated)
Operating activities	**(3,580)**	(380)
Investing activities	**(150)**	(13)
Financing activities	**–**	–
Effect of foreign exchange rate changes, net	**–**	(102)
Net cash outflows	**(3,730)**	(495)

(d) Loss per share

	2019	2018 (Restated)
Loss per share from the discontinued operations of Venca and the car-park business:		
Basic and diluted *(RMB cents)*	**(1.19)**	(2.28)

10. Discontinued Operations *(Continued)*

(d) Loss per share *(Continued)*

The calculation of basic loss per share from the discontinued operations of Venca and the car-park business is based on:

	2019	2018 (Restated)
Loss		
Loss attributable to ordinary equity holders of the Company, from the discontinued operations, used in the basic loss per share calculation *(RMB'000)*	**(47,679)**	(91,186)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation *(thousands of shares)* (Note 12)	**4,000,000**	4,000,000

Diluted loss per share from the discontinued operations was the same as the basic loss per share from the discontinued operations as the Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

(e) Commitments – Property, plant and equipment

	2019 RMB'000	2018 RMB'000
Contracted, but not provided for	**38,595**	38,595

11. Dividend

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: Nil).

12. 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 years 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 years ended 31 December 2019 and 2018.

The calculation of basic loss per share is based on:

	2019	2018 (Restated)
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation		
From continuing operations *(RMB'000)*	**(22,005)**	(14,820)
From discontinued operations *(RMB'000)*	**(47,679)**	(91,186)
	(69,684)	(106,006)
Shares		
Weighted average number of ordinary shares in issue during the year 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 years ended 31 December 2019 and 2018.

13. Property, Plant and Equipment

	Buildings RMB'000	Motor vehicles, fixtures and others RMB'000	Machinery RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2018	62,239	6,161	104,396	165,199	402,701	740,696
Additions	–	493	7	–	291	791
Disposal of a subsidiary (Note 29)	–	(165)	–	–	–	(165)
Write-off	–	(722)	–	–	–	(722)
Exchange realignment	–	6	–	–	–	6
At 31 December 2018 and 1 January 2019	**62,239**	**5,773**	**104,403**	**165,199**	**402,992**	**740,606**
Additions	**–**	**719**	**236**	**–**	**–**	**955**
Reclassification to assets held for sale (Note 10(a))	**(62,239)**	**(5,044)**	**(104,639)**	**(165,199)**	**(402,992)**	**(740,113)**
Exchange realignment	**–**	**(2)**	**–**	**–**	**–**	**(2)**
At 31 December 2019	**–**	**1,446**	**–**	**–**	**–**	**1,446**
Accumulated depreciation and impairment:						
At 1 January 2018	(42,308)	(4,751)	(78,026)	(98,569)	(250,880)	(474,534)
Provided for the year	(1,074)	(459)	(2,732)	–	–	(4,265)
Impairment recognised during the year	(4,446)	(10)	(4,708)	(15,837)	(34,082)	(59,083)
Disposal of a subsidiary (Note 29)	–	93	–	–	–	93
Write-off	–	722	–	–	–	722
Exchange realignment	–	(3)	–	–	–	(3)
At 31 December 2018 and 1 January 2019	**(47,828)**	**(4,408)**	**(85,466)**	**(114,406)**	**(284,962)**	**(537,070)**
Provided for the year	**(937)**	**(501)**	**(2,511)**	**–**	**–**	**(3,949)**
Impairment recognised during the year (Note 10(a))	**(973)**	**(37)**	**(1,203)**	**(3,667)**	**(8,522)**	**(14,402)**
Reclassification to assets held for sale (Note 10(a))	**49,738**	**4,528**	**89,180**	**118,073**	**293,484**	**555,003**
At 31 December 2019	**–**	**(418)**	**–**	**–**	**–**	**(418)**
Net carrying amount:						
At 31 December 2019	**–**	**1,028**	**–**	**–**	**–**	**1,028**
At 31 December 2018	14,411	1,365	18,937	50,793	118,030	203,536

14. 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. As at 31 December 2019, along with the Disposal of Venca, these intangible assets were reclassified to assets of a disposal group classified as held for sale.

	Notes	**2019 RMB'000**	2018 RMB'000
Cost:			
At beginning of the year		**50,088**	50,088
Reclassification to assets held for sale	10(a)	**(50,088)**	–
At end of the year		**–**	50,088
Accumulated amortisation and impairment:			
At beginning of the year		**(49,366)**	(49,150)
Impairment recognised during the year	10(a)	**(52)**	(216)
Reclassification to assets held for sale	10(a)	**49,418**	–
At end of the year		**–**	(49,366)
Net carrying amount:			
At end of the year		**–**	722

15. Leases

The Group as a lessee

(a) Prepaid land lease payments (before 1 January 2019)

	Notes	RMB'000
Carrying amount at 1 January 2018		1,307
Amortised during the year	10(a)	(37)
Impairment recognised for the year	10(a)	(296)
Carrying amount at 31 December 2018		974
Current portion included in prepayments and other receivables	21	(32)
Non-current portion		942

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Notes	**Prepaid land lease payments** RMB'000	**Office premises*** RMB'000	**Total** RMB'000
As at 1 January 2019		974	–	974
Additions		–	2,287	2,287
Exchange realignment		–	(11)	(11)
Depreciation charge	10(a)	(32)	(126)	(158)
Impairment recognised during the year	10(a)	(68)	–	(68)
Reclassification to assets held for sale	10(a)	(874)	–	(874)
As at 31 December 2019		–	2,150	2,150

* The Group has a lease contract for office premises used in its continuing operations. The lease of office premises generally has a lease term of 3 years, and the Group is restricted from assigning and subleasing the leased assets outside the Group.

15. Leases *(Continued)*

The Group as a lessee *(Continued)*

(c) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings (Note 25)) and the movements during the year are as follows:

	2019 RMB'000
Carrying amount at 1 January	2,880
New leases	2,287
Accretion of interest recognised during the year	37
Payments	(146)
Reclassification to liabilities held for sale	(2,880)
Exchange realignment	(11)
Carrying amount at 31 December	2,167
Analysed into:	
Current portion	696
Non-current portion	1,471

(d) The amounts recognised in profit or loss from continuing operations in relation to leases are as follows:

	Notes	**2019** RMB'000
Interest on lease liabilities	7	37
Depreciation charge of right-of-use assets	6	126
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019	6	1,173
Total amount of recognised in profit or loss		1,336

15. Leases *(Continued)*

The Group as a lessee *(Continued)*

(e) Extension option

The Group has a lease contract that include an extension option. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and it is aligned with the Group's business needs. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of the extension option that is not included in the lease terms:

	Payable within five years RMB'000
Extension option expected not to be exercised	1,763

(f) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in Note 30(c), to the consolidated financial statements.

16. Investment in an Associate

	2019 **RMB'000**	2018 RMB'000
Share of net assets	**1,353**	1,445

16. Investment in an Associate *(Continued)*

Particulars of the associate are as follows:

Name	Registered share capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group (%)	Principal activities
Inner Mongolia Nogoonshil Eco-Management Co., Ltd. 內蒙古諾根希里生態環境治理有限責任公司	RMB10,000,000	Mainland China	15	Environmental restoration and ecological greening

The Group's shareholding in the associate is held through a wholly-owned subsidiary of the Company. The Group nominates one director out of seven in the board of directors of the associate.

17. Other Long-Term Assets

	Note	**2019 RMB'000**	2018 RMB'000
At 1 January		**–**	–
Additions		**131,580**	–
Amortisation provided	6	**(7,815)**	–
Exchange realignment		**1,770**	–
At 31 December		**125,535**	–

On 31 May 2019, the Company entered into the Assignment and Novation Agreement with Shougang Concord International with a total consideration of HK$150,000,000 (equivalent to RMB131,580,000), pursuant to which the contractual rights and obligations to purchase hematite ore from the hematite mine (the "Hematite Mine") under the long term hematite supply agreement will be assigned and novated to the Group, i.e. the Contract as defined in Note 2.4. The Contract entitled the Group to purchase the hematite ore from the Hematite Mine in such annual quantity as equals 80% of total available production of the Hematite Mine during each contract year from the effective date of the Contract to the date of permanent cessation of the mining operations at the Hematite Mine.

17. Other Long-Term Assets *(Continued)*

The Hematite Mine has recommenced its shipment of high grade hematite ore during the year. Based on the prevailing business circumstances, it is considered to be more appropriate to account for the Contract as a contract for own-use by the Group. In view of the future outputs that will be physically delivered by the supplier and the purchases at discount by the Group that will not be net settled in cash under the Contract, the consideration is treated as a non-current asset which is stated at cost less accumulated amortisation and any impairment losses and is amortised to match with the physical delivery of commodities under the Contract.

For the year ended 31 December 2019, amortisation of RMB7,815,000 (2018: Nil) (Note 6) has been recognised in the cost of sales.

18. Inventories

The Group's inventories are carried at cost or net realisable value.

	2019 **RMB'000**	2018 RMB'000
Raw materials and spare parts	**–**	3,652
Semi-finished products	**–**	3,696
Finished products – gabbro-diabase and stone	**–**	3,988
Coals	**–**	593
	–	11,929
Inventory provision	**–**	(9,085)
	–	2,844

19. Trade and Bills Receivables

	2019 RMB'000	2018 RMB'000
Trade receivables	**13,413**	–
Bills receivables	**279,441**	–
	292,854	–

The Group's trading terms with its customers generally require deposits or usance letters of credit, except for creditworthy customers to whom credits are granted. Generally, on presentation of shipping documents and the provisional invoices, the customers shall settle 95% or more of invoiced value of the cargoes within prescribed payment due dates and the remaining sales proceeds shall be settled within 30 days from the dates of the final invoices. The vast majority of sales is invoiced and received in US$.

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 trade receivable balances.

At 31 December 2019, the Group has transferred a bills of exchange amounting to RMB15,349,000 (2018: Nil) to a bank with recourse in exchange for cash. Subsequent to the transfer, the Group continues to be exposed to default risk but does not retain any rights on the use of the bills receivables, including the sale, transfer or pledge of the bills receivables to any third parties. The proceeds from transferring the bills receivables were accounted for as collateralised bank advances and included in interest-bearing bank and other borrowings of RMB15,349,000 (2018: Nil) at the year end until the bills are collected or the Group makes good of any losses incurred by the bank (Note 25).

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

Set out below is measurement of trade and bills receivables of the Group as at 31 December 2019 and 2018.

	Note	2019 RMB'000	2018 RMB'000
Trade and bills receivables			
– at amortised cost		**42,950**	–
– at fair value through profit or loss	(a)	**249,904**	–
Total		**292,854**	–

19. Trade and Bills Receivables *(Continued)*

Note:

(a) Trade and bills receivables include provisionally priced receivables relating to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant quotation period stipulated in the contract. Revenue is recognised on provisionally priced sales based on the forward commodity price for the period stipulated in the contract. Under IFRS 9, provisionally priced receivables at 31 December 2019 were RMB249,904,000 and were fair valued.

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

	2019 RMB'000	2018 RMB'000
Within 3 months	**13,413**	–

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables measured at amortised cost. As at 31 December 2019, the Group's trade receivables are not yet past due, therefore, the credit risk related to the receivables at amortised cost were considered to be immaterial.

20. Other Current Financial Assets and Financial Liabilities

Set out below is an overview of other current financial assets of the Group as at 31 December 2019 and 2018.

	Notes	**2019 RMB'000**	2018 RMB'000
Other current financial assets at fair value through profit or loss			
– Iron ore futures/swap contracts	(a)	**16,467**	–
Other current financial assets at amortised cost:			
– Deposits and other receivables	(b)	**74,081**	58,955
		90,548	58,955
Impairment allowance	(b)	**(11,000)**	–
		79,548	58,955

20. Other Current Financial Assets and Financial Liabilities *(Continued)*

Notes:

(a) As at 31 December 2019, the Group had open positions of iron ore futures/swaps for net purchases of 505,000 tonnes expiring by end of February 2020 with a positive contract value of US$2,360,000 (equivalent to RMB16,467,000) (2018: Nil) which has been recognised in financial assets at fair value through profit or loss.

(b) As at 31 December 2019, the balance mainly represented a trade deposit to a supplier of RMB22,000,000 (2018: RMB50,000,000), net of an impairment allowance of RMB11,000,000 (2018: Nil) and a deposit paid to agencies of RMB37,670,000 for iron ore futures/swap transactions (2018: Nil).

In prior year, the Group entered into a coal purchase agreement (the "Coal Purchase Agreement") for the supply of coal. Pursuant to the Coal Purchase Agreement, the Group had paid the contractual deposit of RMB50,000,000, which was refundable in full to the Group upon the expiry of the Coal Purchase Agreement. The Coal Purchase Agreement expired on 31 December 2018 and only part of the contractual deposit of RMB28,000,000 has been repaid to the Group up to the date of this report. Amid fragile global economic outlook under the COVID-19 outbreak, this poses a greater risk and difficulty for the outstanding amount of RMB22,000,000 to be repaid in full. In view of the greater uncertainty, and taken into account the actions in progress to prompt for the settlement, the Group has recognised an impairment provision of RMB11,000,000 for the year ended 31 December 2019.

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

	Notes	**2019** **RMB'000**	2018 RMB'000
Other current financial liabilities at amortised cost:			
– Other payables	(c), (d)	**8,833**	84,193

(c) As at 31 December 2019, included in the balance of other current financial liabilities was a guarantee fee payable of RMB1,706,000 due to a substantial shareholder of the Company (2018: Nil) (Note 32(c)).

(d) As at 31 December 2018, 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 RMB36,616,000 respectively. 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. Along with the Disposal of Venca disclosed in Note 10(a), these amounts have been reclassified to liabilities directly associated with the assets classified as held for sale.

21. Prepayments and Other Receivables

	Note	**2019 RMB'000**	2018 RMB'000
Advances to suppliers		**–**	27,596
Other tax receivables		**49**	12,133
Prepaid land lease payments, current portion	15(a)	**–**	32
Others		**924**	–
		973	39,761
Impairment allowance		**–**	(14,300)
		973	25,461

As at 31 December 2018, the impairment of prepayments and other receivables represented a full provision for certain individually impaired prepayments and other receivables. These individually impaired advances to suppliers have been long outstanding with delays in delivery and are thus considered to be irrecoverable.

The carrying amounts of the remaining prepayments and other receivables closely approximate to their respective fair values.

22. Restricted Bank Deposits

	Notes	**2019 RMB'000**	2018 RMB'000
Restricted bank deposits to secure the issuance of letters of credit	(a)	**92,387**	–
Restricted bank deposits to secure an interest-bearing bank borrowing	(b)	**223,950**	219,050
		316,337	219,050

Notes:

(a) As at 31 December 2019, the balance represented bank deposits restricted by banks to secure the issuance of letters of credit. The restricted bank deposits amounting to RMB92,387,000 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 (2018: Nil). The restricted bank deposits as at 31 December 2019 were denominated in US$.

(b) As at 31 December 2019 and 2018, the Group had restricted bank deposits of HK$250,000,000, in aggregate, (equivalent to RMB223,950,000 and RMB219,050,000 as at 31 December 2019 and 2018, respectively) to secure an interest-bearing bank borrowing (Note 25).

23. Cash and Cash Equivalents

	2019 RMB'000	2018 RMB'000
Cash and bank balances	**15,413**	16,875
Time deposits	**73,946**	81,078
Cash and cash equivalents	**89,359**	97,953

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

	2019 RMB'000	2018 RMB'000
Cash and cash equivalents denominated in:		
RMB	**3,363**	66,555
HK$	**4,062**	4,237
US$	**81,929**	27,161
Singapore dollar	**5**	–
	89,359	97,953

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods ranging from one day to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The carrying amounts of the cash and bank balances in the consolidated statement of financial position approximate to their fair values.

24. Trade and Bills Payables

A significant portion of the Group's purchases are settled by usance letters of credit up to a tenor of 120 days. As at 31 December 2019, the Group's bills payables amounted to approximately RMB184,407,000 (2018: Nil). 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:

	2019 RMB'000	2018 RMB'000
Within 3 months	**255,751**	322
3 months to 1 year	**–**	–
Over 1 year	**–**	803
	255,751	1,125

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

Set out below is measurement of trade and bills payables of the Group as at 31 December 2019 and 2018.

	Note	**2019 RMB'000**	2018 RMB'000
Trade and bills payables			
– at amortised cost		**47,105**	1,125
– at fair value through profit or loss	(a)	**208,646**	–
Total		**255,751**	1,125

Note:

(a) Trade and bills payables include provisionally priced payables relating to purchase contracts where the purchasing price is determined after delivery of the inventories, based on the market price at the relevant quotation period stipulated in the contract. Cost of sales are recognised on provisionally priced purchases based on the forward commodity price for the period stipulated in the contract. Under IFRS 9, provisionally priced payables at 31 December 2019 were RMB208,646,000 and were fair valued.

25. Interest-Bearing Bank and Other Borrowings

	2019		2018	
	Effective interest rate (%)	**RMB'000**	Effective interest rate (%)	RMB'000
Current				
Bank borrowing secured and repayable on demand	**3.7**	**223,950**	3.3	219,050
Bank borrowings secured by bills receivables (Note 19)	**2.7**	**15,349**	–	–
Other borrowing – secured	**10.0**	**174,681**	–	–
Other borrowing – unsecured	**10.0**	**34,881**	–	–
Lease liabilities	**8.6**	**696**	–	–
		449,557		219,050
Non-current				
Other borrowing – secured	**6.0**	**70,167**	–	–
Lease liabilities	**8.6**	**1,471**	–	–
		71,638		–
		521,195		219,050

	2019 RMB'000	2018 RMB'000
Analysed into:		
Bank borrowings repayable within one year or on demand	**239,299**	219,050
Other borrowings repayable:		
Within one year	**210,258**	–
In the second year	**70,936**	–
In the third to fifth years, inclusive	**702**	–
	281,896	–
	521,195	219,050

25. Interest-Bearing Bank and Other Borrowings *(Continued)*

(a) Certain of the Group's bank and other borrowings as at 31 December 2019 were secured by:

(i) certain of the Group's time deposits of RMB223,950,000 as at 31 December 2019 (2018: RMB219,050,000) (Note 22);

(ii) share charges and corporate guarantee by the Company's shareholders (2018: Nil); and

(iii) personal guarantee by the Company's director (2018: Nil).

(b) Except for the unsecured other borrowing and the bank borrowings secured by bills receivables of RMB34,881,000 and RMB15,349,000 respectively, which are denominated in US$, all the borrowings are denominated in HK$.

26. Share Capital

Shares

	2019 **HK$'000**	2018 HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.1 each	**1,000,000**	1,000,000
	RMB'000	RMB'000
Issued and fully paid:		
4,000,000,000 ordinary shares of HK$0.1 each, totally HK$400,000,000	**331,960**	331,960

27. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 79 of the consolidated financial statements.

28. Share Option Scheme

2010 share option scheme

The Company operates a share option scheme, approved on 9 April 2010 (the "2010 Share Option Scheme"), for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2010 Share Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders, and any non-controlling shareholder in the Company's subsidiaries.

The 2010 Share Option Scheme became effective upon the listing of the Company's shares (the "Listing") on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 July 2011 (the "Listing Date") and, unless otherwise cancelled or amended, will remain in force for 10 years from the Listing Date until 3 July 2021.

The maximum number of unexercised share options ("2010 Scheme Options") currently permitted to be granted under the 2010 Share Option Scheme and any other schemes of the Company is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. In addition to the 30% limit set out above, the total number of shares which may be issued upon exercise of all 2010 Scheme Options to be granted under the 2010 Share Option Scheme must not in aggregate exceed 10% of the Company's shares in issue as at the date of approval of the 2010 Share Option Scheme, unless otherwise approved by the shareholders of the Company in a general meeting. Options lapsed in accordance with the terms of the 2010 Share Option Scheme will not be counted for the purpose of calculating the 10% limit.

The maximum number of shares issuable under 2010 Scheme Options to each eligible participant in the 2010 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of 2010 Scheme Options in excess of this limit is subject to shareholders' approval in a general meeting.

2010 Scheme Options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any 2010 Scheme Options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of 2010 Scheme Options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of 2010 Scheme Options granted is determinable by the directors, save that such period must not exceed 10 years from the date of grant of 2010 Scheme Options.

28. Share Option Scheme *(Continued)*

2010 share option scheme *(Continued)*

The exercise price of 2010 Scheme Options is determined by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of 2010 Scheme Options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares.

No option has been granted under the 2010 Share Option Scheme since its adoption. As at the beginning and the end of the reporting period and the date of approval of these financial statements, no option remained outstanding under the 2010 Share Option Scheme.

29. Disposal of a Subsidiary

For the year ended 31 December 2018, the Group disposed the car-park business and ceased the business of the operation and management of car-parking spaces.

	2018 RMB'000
Net assets disposed of:	
Property, plant and equipment	72
Trade receivables	44
Other current financial assets at amortised cost	619
Prepayments and other receivables	23
Cash and cash equivalents	200
Other current financial liabilities	(1,790)
Other payables and accruals	(627)
Non-controlling interests	1,490
	31
Exchange fluctuation reserve	17
	48
Gain on disposal of a subsidiary	104
	152
Satisfied by:	
Cash	152

29. Disposal of a Subsidiary *(Continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2018 RMB'000
Cash consideration	152
Cash and bank balances disposed of	(200)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(48)

30. Note to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,287,000 and RMB2,287,000, respectively, in respect of lease arrangements for office premises (2018: Nil).

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000
At 1 January 2018	208,975
Foreign exchange movement	10,075
At 31 December 2018	219,050
Effect of adoption of IFRS 16	2,880
At 1 January 2019 (restated)	**221,930**
Changes from financing cash flows	**290,514**
New leases	**2,287**
Reclassification to liabilities held for sale	**(2,880)**
Foreign exchange movement	**9,344**
At 31 December 2019	**521,195**

30. Note to the Consolidated Statement of Cash Flows *(Continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2019 RMB'000
Within operating activities	(1,273)
Within investing activities	–
Within financing activities	(146)
	(1,419)

31. Commitments

As at 31 December 2019, the Group did not have any significant commitments from its continuing operations.

32. Related Party Transactions

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	**2019 RMB'000**	2018 RMB'000 (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	(i)	**27,458**	210,409
Acquisition of the contractual rights and obligations under the Contract from a 30%-controlled company of a substantial shareholder of the Company	(ii)	**131,580**	–
Guarantee fee payable to a substantial shareholder of the Company	(iii)	**1,706**	–
Leasing of office premises from a subsidiary of a substantial shareholder of the Company		**–**	977
Information technology management and support service fees paid to a subsidiary of a substantial shareholder of the Company		**–**	186
Discontinued operations			
Administrative and services support from a subsidiary of a substantial shareholder of the Company		**–**	589

32. Related Party Transactions *(Continued)*

(a) *(Continued)*

Notes:

(i) 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 its customers.

These transactions constitute continuing connected transactions which have also been disclosed in the Report of the Directors pursuant to Chapter 14A of the Listing Rules.

(ii) On 31 May 2019, the Assignment and Novation Agreement was entered into between the Company and Shougang Concord International, a 30%-controlled company of a substantial shareholder and hence, a connected person of the Company. Pursuant to the Assignment and Novation Agreement, Shougang Concord International and its subsidiary SCIT Trading Limited shall assign and novate their respective rights and obligations under the Contract to the Company and Ace Profit respectively for the consideration of HK$150,000,000 (equivalent to RMB131,580,000) (Note 17).

The Assignment and Novation Agreement and the transactions contemplated thereunder were approved by the independent shareholders in the extraordinary general meeting of the Company held on 24 July 2019 with completion in August 2019. This transaction constitutes a connected transaction which have also been disclosed in the Report of the Directors pursuant to Chapter 14A of the Listing Rules.

(iii) A substantial shareholder of the Company (the "Guarantor") has guaranteed and indemnified the obligations of Ace Profit under the Contract mentioned in Note 17 with a maximum liability of US$75,000,000. The Group shall pay a capped sum of HK$5,000,000 to the Guarantor in respect of each calendar year from the date of the guarantee becoming unconditional until none of the obligations and undertakings of the Guarantor remains in full force and effect. The Group recorded the guarantee fee of RMB1,706,000 for the year ended 31 December 2019 (2018: Nil).

As a form of financial assistance (as defined in the Listing Rules) received by the Group from a connected person of the Company, the provision of the above guarantee and indemnity (together with the above maximum annual fee) by the Guarantor was conducted on normal commercial terms and not secured by the assets of the Group. Accordingly, such financial assistance is fully exempt from the requirements under Chapter 14A of the Listing Rules.

32. Related Party Transactions *(Continued)*

(b) Other transactions with related parties

One of the Company's shareholders ("Guarantor I") has provided a corporate guarantee for an interest-bearing borrowing made to the Company of RMB174,681,000 (the "Loan") (2018: Nil) as at the end of the reporting period. Guarantor I and another shareholder of the Company have provided share charges as securities for the Loan.

One of the Company's directors provided a personal guarantee over the Loan (2018: Nil).

The above forms of financial assistance (as defined in the Listing Rules) received by the Group were conducted on normal commercial terms and not secured by the assets of the Group.

(c) Outstanding balances with related parties

As of 31 December 2019, the Group had outstanding balance due to a substantial shareholder of the Company of RMB1,706,000 (Note 20(c)). These balances were unsecured, interest-free and repayable on demand. Except as disclosed elsewhere in the consolidated financial statements, there were no material balances with related parties as at 31 December 2019 and 2018.

(d) Compensation of key management personnel

Other than the emoluments paid to the directors and the chief executive of the Company (being the key management personnel of the Company) as disclosed in Note 8 to the consolidated financial statements, there was no significant compensation arrangement during the year.

(e) The Group disposed of its entire interest in a subsidiary to a subsidiary of a substantial shareholder of the Company (which is also the non-controlling shareholder of that subsidiary) during the year ended 31 December 2018, as further detailed in Notes 10 and 29 to the consolidated financial statements.

33. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2019 RMB'000	2018 RMB'000
Financial assets at fair value through profit or loss		
Trade and bills receivables	**249,904**	–
Iron ore futures/swap contracts included in other current financial assets	**16,467**	–
	266,371	–
Financial assets at amortised cost:		
Trade and bills receivables	**42,950**	–
Other current financial assets at amortised cost	**63,081**	58,955
Restricted bank deposits	**316,337**	219,050
Cash and cash equivalents	**89,359**	97,953
	511,727	375,958
Total	**778,098**	375,958

Financial liabilities

	2019 RMB'000	2018 RMB'000
Financial liabilities at fair value through profit or loss		
Trade and bills payables	**208,646**	–
Financial liabilities at amortised cost:		
Trade and bills payables	**47,105**	1,125
Other current financial liabilities	**8,833**	84,193
Interest-bearing bank and other borrowings	**521,195**	219,050
Other non-current financial liabilities	**–**	500
	577,133	304,868
Total	**785,779**	304,868

34. Fair Value and Fair Value Hierarchy of Financial Instruments

Fair value

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Financial assets				
Trade and bills receivables at fair value through profit or loss	**249,904**	–	**249,904**	–
Other current financial assets at fair value through profit or loss	**16,467**	–	**16,467**	–
	266,371	–	**266,371**	–
Financial liabilities				
Trade and bills payables at fair value through profit or loss	**208,646**	–	**208,646**	–
Non-current portion of interest-bearing bank and other borrowings (other than lease liabilities)	**70,167**	–	**67,098**	–
Other non-current financial liabilities	**–**	500	**–**	358
	278,813	500	**275,744**	358

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

34. Fair Value and Fair Value Hierarchy of Financial Instruments *(Continued)*

Fair value *(Continued)*

- The fair values of trade and bills receivables and trade and bills payables classified as financial assets at fair value through profit and loss and financial liabilities at fair value through profit and loss respectively are determined by incorporating market observable inputs sourced from applicable Platts Index (as defined below).

- The Group enters into derivative financial instruments with various counterparties. Derivative financial instruments, including principally commodities futures/swap contracts, are measured with reference to the commodity's quoted market prices. The carrying amounts of commodities futures/swap contracts are the same as their fair values.

- The fair values of the non-current portion of interest-bearing bank and other borrowings (other than lease liabilities) and other non-current financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2019 were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

(a) Assets and liabilities measured at fair value

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets:				
Trade and bills receivables	–	249,904	–	249,904
Other current financial assets at fair value through profit or loss	16,467	–	–	16,467
	16,467	249,904	–	266,371
Financial liabilities:				
Trade and bills payables	–	208,646	–	208,646

As at 31 December 2018, there were no financial assets and financial liabilities measured at fair value.

34. Fair Value and Fair Value Hierarchy of Financial Instruments *(Continued)*

Fair value hierarchy *(Continued)*

(b) Assets and liabilities for which fair values are disclosed

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial liabilities:				
Non-current portion of interest-bearing bank and other borrowings (other than lease liabilities)	**–**	**67,098**	**–**	**67,098**

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial liabilities:				
Other non-current financial liabilities	–	358	–	358

As at 31 December 2019 and 2018, there were no assets for which fair values were disclosed.

35. Financial Risk Management Objectives and Policies

The financial assets of the Group mainly include trade and bills receivables and other current financial assets, restricted bank deposits and cash and cash equivalents, which arise directly from its operations. Financial liabilities of the Group mainly include trade and bills payables, other current financial liabilities and interest-bearing bank and other borrowings.

The Group also enters into derivative transactions, including principally commodities futures/swap contracts. The purpose is to manage the commodity price risk arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and commodity price risk.

The Group's financial risk management policies seek to ensure that adequate resources are available to manage the above risks and to maximise value for its shareholders. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates.

At present, the Group does not intend to hedge its exposure to interest rate fluctuations. However, the Group will closely observe the movements in market interest rates and its interest rate risk profile, and will consider any rearrangement of its sources of financing and appropriate hedging measures in the future as may be necessary.

With all other variables held constant, a change in interest rates of 0.25% per annum would cause a corresponding change in the Group's loss before tax and accumulated losses by RMB550,000 for the year ended 31 December 2019 (2018: RMB583,000).

Foreign currency risk

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 Resources Business were mainly settled in USD.

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% (2018: approximately 98%) and 99% (2018: approximately 98%) of the Group's sales and purchases, respectively during the reporting period, and approximately 48% of the Group's net assets as at 31 December 2019 (2018: approximately 10%) were denominated in foreign currency (the HKD and USD). Currently, the Group does not have any foreign currency hedging policy. The fluctuation of USD and HKD against RMB during the reporting period led to the recognition of net foreign exchange losses of RMB1,560,000 (2018: RMB2,632,000 (restated)) from continuing operations.

35. Financial Risk Management Objectives and Policies *(Continued)*

Foreign currency risk *(Continued)*

Amid the fragile global economic outlook under the COVID-19 outbreak and the trade friction between the United States of America and China, it could be expected that the currency exchange rates between RMB and other currencies will be subject to fluctuations to a greater extent in the future. The management will closely observe the movements in currency exchange rates and consider any rearrangement of its sources of financing and deposit portfolio where appropriate.

With all other variables held constant, a change in the exchange rate of RMB against HKD and USD of 5% per annum would cause a corresponding change in the Group's loss before tax from continuing operations and accumulated losses by RMB2,109,000 for the year ended 31 December 2019 (2018: RMB1,630,000).

Credit risk

The Group's trading terms with its customers generally require deposits or usance letters of credit, except for creditworthy customers to whom credits are granted. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Generally, on presentation of shipping documents and the provisional invoices, the customers shall settle 95% or more of invoiced value of the cargoes within prescribed payment due dates and the remaining sales proceeds shall be settled within 30 days from the dates of the final invoices. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group has not held any collateral or other credit enhancements over its receivable balances.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2019 and 2018. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs		
	Stage 1 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables	–	–	42,950	42,950
Other current financial assets at amortised cost				
– Normal*	41,081	–	–	41,081
– Doubtful*	–	33,000	–	33,000
Restricted bank deposits – Not yet past due	316,337	–	–	316,337
Cash and cash equivalents – Not yet past due	89,359	–	–	89,359
	446,777	**33,000**	**42,950**	**522,727**

35. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

As at 31 December 2018

	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Simplified approach RMB'000	Total RMB'000
Other current financial assets at amortised cost – Normal*	58,955	–	58,955
Restricted bank deposits – Not yet past due	219,050	–	219,050
Cash and cash equivalents – Not yet past due	97,953	–	97,953
	375,958	–	375,958

* The credit quality of the other current financial assets at amortised cost is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

The Group is expanding its customer bases and minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a number of customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 19.

Liquidity risk

The Group has a funding and treasury policy to monitor its funding requirements and perform ongoing liquidity reviews. This tool considers 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.

35. Financial Risk Management Objectives and Policies *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
2019					
Trade and bills payables	**255,751**	**–**	**–**	**–**	**255,751**
Other current financial liabilities	**–**	**8,833**	**–**	**–**	**8,833**
Lease liabilities	**–**	**881**	**1,616**	**–**	**2,497**
Interest-bearing bank and other borrowings (excluding lease liabilities)	**224,584**	**240,075**	**72,639**	**–**	**537,298**
	480,335	**249,789**	**74,255**	**–**	**804,379**
2018					
Trade and bills payables	803	322	–	–	1,125
Other current financial liabilities	–	84,193	–	–	84,193
Interest-bearing bank and other borrowings	220,138	–	–	–	220,138
Other non-current financial liabilities	–	–	–	500	500
	220,941	84,515	–	500	305,956

Commodity price risk

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 hedging tools such as iron ore futures and swaps to manage the operational risks that may arise from the Resources Business. The Group's designated hedging executives have managed the Group's exposure over iron ore price fluctuation by execution of approval hedge strategy and hedging instruments.

The pricing mechanism in the Group's iron ore sales and purchase contracts reflects a reference index price. The reference index price that were mostly adopted by the Group during the years ended 31 December 2019 and 2018 was the Platts Iron Ore Index Price (Platts Index) which is a source of benchmark price assessments in the physical commodity markets, published daily or regularly for iron ore products and quoted on a US$ per dry metric tonne basis.

35. Financial Risk Management Objectives and Policies *(Continued)*

Commodity price risk *(Continued)*

According to the Group's provisionally priced iron ore sales and purchase contracts, price finalisation is referred to the applicable Platts Index or relevant market indices for specified future dates or periods. Therefore, the Group has exposure at balance sheet date to the future movements in the iron ore price under provisionally priced sales and purchase of iron ore products (excluding the financial impact of the hedging instruments) are set out below:

	2019 **RMB'000**	2018 RMB'000
On Revenue		
– 10% increase in iron ore prices	**22,079**	–
– 10% decrease in iron ore prices	**(22,079)**	–
On Cost of Sales		
– 10% increase in iron ore prices	**(59,069)**	–
– 10% decrease in iron ore prices	**59,069**	–

The sensitivities have illustrated the impact of a 10% increase or decrease in reference index prices on the monetary values of revenue, cost of sales, trade and bills receivables and payables that were subject to provisional pricing at each reporting date, while holding all other variables, including foreign exchange rates, constant. The relationship between commodity prices and exchange rates is complex, and movements in exchange rates can impact commodity prices. The above sensitivities should therefore be considered as for illustration purpose only.

During the reporting period, the Group has started to manage the Group's exposure over iron ore price fluctuation by entering into iron ore futures/swap contracts. Through these hedging instruments, the Group shall be able to hedge against fluctuations in iron ore prices arising from the Resources Business. As at 31 December 2019, the Group entered into iron ore futures/swap contracts for net purchases of 505,000 tonnes of iron ore, with maturity dates spread over the period January 2020 to February 2020. The contracts were denominated and traded in US$ and were cash settled on the Singapore Exchange Ltd. The average unit price of the iron ore futures/swap contracts at each maturity date was ranged between US$95 and US$102 per tonne during the year ended 31 December 2019. Movements in the market value of these iron ore futures/swap contracts are taken to the profit or loss of the Group.

35. Financial Risk Management Objectives and Policies *(Continued)*

Commodity price risk *(Continued)*

As at 31 December 2019, the Group had the following iron ore futures/swap contracts outstanding:

	2019				2018			
	Tonnes	Average Price per Tonne US$	Fair Value US$'000	Fair Value RMB'000	Tonnes	Average Price per Tonne US$	Fair Value US$'000	Fair Value RMB'000
Maturing within 1 to 3 months	**505,000**	**98.1**	**2,360**	**16,467**	–	–	–	–

The fair value of these iron ore futures/swap contracts of RMB16,467,000 (2018: Nil) has been recognised in the consolidated statement of financial position as other current financial assets at fair value through profit or loss (Note 20(a)).

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or raise new capital from its investors. No changes were made in the objectives, policies or processes for managing financial risk during the years ended 31 December 2019 and 2018.

The Group monitors capital using a gearing ratio, which is calculated by dividing net debt, by the total equity. Net debt includes interest-bearing liabilities less cash and bank balances. As at 31 December 2019, the Group's net gearing ratio was approximately 54%. As at 31 December 2018, as the Group had net cash position of RMB97,953,000, it is therefore not considered to have any net gearing.

36. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 **RMB'000**	2018 RMB'000
Non-current assets		
Property, plant and equipment	**57**	43
Current assets		
Due from subsidiaries	**402,064**	394,277
Other current financial assets	**750**	821
Restricted bank deposits	**223,950**	219,050
Cash and cash equivalents	**28,132**	47,457
Total current assets	**654,896**	661,605
Current liabilities		
Due to subsidiaries	**–**	151,497
Other current financial liabilities	**9**	2,765
Other payables and accruals	**11,555**	4,330
Interest-bearing bank and other borrowings	**433,512**	219,050
Income tax payable	**3,003**	3,003
Total current liabilities	**448,079**	380,645
Net current assets	**206,817**	280,960
Total assets less current liabilities	**206,874**	281,003
Net assets	**206,874**	281,003
Equity		
Share capital	**331,960**	331,960
Reserves (Note)	**(125,086)**	(50,957)
Total equity	**206,874**	281,003

Chong Tin Lung, Benny
Director

Luk Yue Kan
Director

36. Statement of Financial Position of the Company *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2018	719,871	77,163	(737,172)	59,862
Loss for the year	–	–	(110,819)	(110,819)
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	–	(110,819)	(110,819)
At 31 December 2018 and 1 January 2019	**719,871**	**77,163**	**(847,991)**	**(50,957)**
Loss for the year	**–**	**–**	**(74,129)**	**(74,129)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**(74,129)**	**(74,129)**
At 31 December 2019	**719,871**	**77,163**	**(922,120)**	**(125,086)**

In accordance with the articles of association of the Company and the Companies Law (2020 Revision) of the Cayman Islands, the Company's share premium account is distributable in certain circumstances.

The capital reserves of the Company represented:

- the paid-in capital of the subsidiaries now comprising the Group, after eliminating intra-group investments before the foundation of the Company. These capital injections were made by the equity holders of the Group to Venca which are treated as contributions from the equity holders of the Company in the consolidated financial statements; and
- the remaining unpaid amount due to the then immediate holding company that was waived upon the Listing.

37. Events after the Reporting Period

The estimates of expected credit loss at 31 December 2019 was made based on a range of forecasted economic conditions prevailing or anticipated as at that date. Since January 2020, the COVID-19 outbreak has spread across Mainland China and beyond, causing disruption to business and economic activities. The Group considers the COVID-19 outbreak to be a non-adjusting post balance sheet event and the impact on economic and other key indicators will be incorporated into the Group's estimates of expected credit loss provisions in 2020.

In addition, the COVID-19 outbreak has inevitably caused negative impacts on the global markets and economy, mainly due to delayed work resumption in China, restrictions and bans on passenger traffic to control the spread of COVID-19, more stringent mandatory quarantine requirements on vessels imposed by ports, leading to a certain extent of negative impact to the Group's operations and business profitability in 2020.

The degree of impact to the Group will be dependent on, among others, the duration of the COVID-19 outbreak, the outcome of various preventive measures to contain the COVID-19 outbreak by respective governments across the world, and the policies and measures to support or stimulate the economy. The Group shall keep abreast of the development of the COVID-19 outbreak and evaluate the situation and impacts on the Group's business development and expansion, and operating and financial performance in a timely manner.

38. Comparative Amounts

The comparative consolidated statement of profit or loss and other comprehensive income has been re-presented as if the operations discontinued during the current year had been discontinued at the beginning of the comparative period (Note 10 to the consolidated financial statements).

39. Approval of the Financial Statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 March 2020.

Five-Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated as appropriate, is set out below:

Results

	For the year ended 31 December				
	2019	2018	2017	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
Revenue	**1,920,800**	312,392	644,730	79,641	–
Loss before tax from continuing operations	**(21,879)**	(14,766)	(22,954)	(7,200)	(21,803)
Income tax expenses	**(126)**	(54)	(241)	–	–
Loss for the year from continuing operations	**(22,005)**	(14,820)	(23,195)	(7,200)	(21,803)
Loss for the year from discontinued operations	**(48,160)**	(92,751)	(24,248)	(536,311)	(23,841)
Loss for the year	**(70,165)**	(107,571)	(47,443)	(543,511)	(45,644)

Note: Revenue for the respective years ended 31 December 2015, 2016, 2017, 2018 and 2019 represent that of continuing operations. Further details of the performance of the discontinued operations are presented in Note 10 to the consolidated financial statements.

Assets, Liabilities and Non-controlling Interests

	As at 31 December				
	2019	2018	2017	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**130,066**	206,645	268,366	272,512	763,653
Current assets	**984,018**	404,263	506,291	483,175	588,077
Current liabilities	**(832,093)**	(330,452)	(388,099)	(321,693)	(367,065)
Non-current liabilities	**(71,638)**	(500)	(500)	(500)	(7,660)
Total equity	**210,353**	279,956	386,058	433,494	977,005
Non-controlling interests	**4,852**	4,371	4,248	3,382	(2,074)
Equity attributable to owners of the Company	**215,205**	284,327	390,306	436,876	974,931

Glossary of Terms

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

"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
"AGM"	an annual general meeting of the Company
"Articles"	the articles of association of the Company, as amended from time to time
"Assignment and Novation Agreement"	the 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
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Group's entire interests in the Disposal Group
"Disposal Company"	Venca Investments Limited (永佳投資有限公司), a limited liability company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
"Disposal Group"	the Disposal Company and its subsidiaries, including, amongst others, Xingye Mining

Glossary of Terms

"FY 2018" or "Corresponding Prior Period"	the financial year ended 31 December 2018
"FY 2019" or "Reporting Period"	the financial year ended 31 December 2019
"Group"	the Company and its subsidiaries collectively
"Hematite Mine"	the hematite mine situated at Koolan Island, Western Australia
"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
"Investment Committee"	the investment committee of the Company
"Interim Report 2019"	the interim report of the Company for the six-month period ended 30 June 2019
"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 sourced 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

"Master Purchase Agreement"	the master agreement entered into between the Company (for itself and as trustee for the benefits of its subsidiaries) as purchaser and SCIT as supplier on 25 April 2017 in relation to the purchase of iron ore by the Group from SCIT which were approved by the independent Shareholders on 15 June 2017 and expired on 31 December 2019
"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
"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
"Nomination Committee"	the nomination committee of the Company
"Novation Deed"	the 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 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

Glossary of Terms

"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
"Sale and Purchase Agreement"	the conditional sale and purchase and assignment agreement dated 31 December 2019 entered into between the Company and the purchaser in respect of the Disposal
"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
"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. Luk Yue Kan

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. Lee Kwan Hung, Eddie
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. Luk Yue Kan

Company Secretary

Mr. Luk Yue Kan

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Principal Share Registrar and Transfer Office

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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

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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

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