新礦資源有限公司

NEWTON RESOURCES LTD

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1231

Interim Report 2020

Contents

Chairman's Statement

Dear Shareholders,

On behalf of the Board of the Company, I am pleased to report that the Group recorded a surge in the financial results for the Reporting Period as compared to the Corresponding Prior Period. Despite the negative impact on the global economy caused by the prolonged outbreak of the COVID-19 pandemic, the Group had been able to significantly improve its revenue from continuing operations to approximately RMB1,161.9 million for the Reporting Period as compared with the restated revenue of approximately RMB359.2 million for the Corresponding Prior Period, and to achieve a turnaround from net loss of approximately RMB14.7 million for the Corresponding Prior Period to net profit of approximately RMB7.3 million during the Reporting Period. The overall improvement in financial results of the Group was mainly attributed to the Disposal of the Discontinued Operations (as defined hereinafter) at the Yanjiazhuang Mine in the Reporting Period and partially supplemented by the growth achieved by the Resources Business (as defined hereinafter).

With the backing of the Group's customers and suppliers and the persistent efforts of our business development team, the Group sold approximately 2.2 Mt of iron ore during the Reporting Period representing an increase by about 450% on a year-on-year basis. The significant improvement in the Group's sales was mainly attributed to the quality iron ore offered by the Group matching the needs of customers and suppliers on a timely manner and the rising Chinese demand for iron ore since China (the "PRC") reopened its economy in May 2020.

Year 2020 is a year full of uncertainty. The outbreak of COVID-19 pandemic and the ongoing global pandemic necessitated the significant and evolving responses by governments and enterprises to slow the transmission rate of the virus, including lockdown of cities, mines and ports, restrictions on the movement of people and vessels and imposition of strict social distancing requirements. The Group's Resources Business was also negatively affected by the COVID-19 pandemic to a certain extent and our customers and suppliers have been adjusting their operation protocols and measures to respond to the requirements advised by the governments and health authorities from time to time to contain the spread of the virus.

Looking ahead, notwithstanding the current global uncertainty, the Group shall continue to focus its efforts on optimising the Resources Business, improving its profitability and return to the shareholders. The Group's management will focus on managing the inventory level, securing more favourable banking facilities and other financing options so as to support the Group's working capital requirement and to finance the continual business expansion. On the other hand, the Group will continue to expand our upstream supplier network for iron ore and other commodities, explore the opportunities for securing stable and quality supplies of high quality products by entering into long-term business and offtake relationships with suitable suppliers so as to further diversify the Group's products offerings, and is looking forward to the upkeep or even further expansion of the scale of the Resources Business.

Chairman's Statement

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 August 2020

Management Discussion and Analysis

Financial Highlights

	Six-month period ended 30 June 2020 RMB'million	Six-month period ended 30 June 2019 RMB'million (Restated)
Continuing operations		
Revenue	**1,161.9**	359.2
Gross profit	**31.7**	20.5
Profit for the period	**7.4**	8.3
EBITDA[1]	**26.9**	15.9
Basic earnings per share *(RMB cents)*	**0.18**	0.21

	30 June 2020 RMB'million	31 December 2019 RMB'million
The Group		
Total assets	**542.2**	1,114.1
Total equity	**222.8**	210.4
Net cash position[2]	**96.2**	N/A
Net debt[3]	**N/A**	114.5

	30 June 2020	31 December 2019
The Group		
Liquidity ratio[4]	**1.5**	1.2
Net gearing ratio[5]	**N/A**	54%

1 EBITDA is defined as profit before interest, tax expense, depreciation and amortisation 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

Business Review

Resources Business

The resources business (the "Resources Business") of the Group employs a distributorship business model that involves the sourcing and supply of iron ore and other commodities. The Group has established a team of market specialists (the "Business Development Team") with extensive experience and expertise in the iron and steel industry and good reputation among both suppliers and customers.

As a distributor, the Group is not merely engaged in the sourcing and supply of iron ore and other commodities, but also provides a range of value-added services as well. Most notably, the Group matches the product offerings of the suppliers with the demand of the customers in terms of pricing, quality and timing, such that the commodities from the overseas mine owners can be effectively brought to the customers in need at the appropriate time. Other major functions of the Group as a distributor include providing support in the area of supplier management and logistics. The Group takes care of the coordination with different suppliers and arranges for commodities from multiple sources to be supplied to the customers as a single package where necessary. The Group also organises shipment and delivery of the commodities to the customers, which can be costly.

From the suppliers' perspective, it is preferable to supply the commodities to the Group as their distributors given that the Group is a reputable business partner that offers access to international trade finance facilities. The Group provides its suppliers with the required finance or credits, which are typically borne by the distributors at an early stage in the supply chain. Effectively, the Group has financed the purchases of iron ore inventories with its internal resources and borrowings, which are made possible due to the Group's corporate and shareholder profiles. On top of that, the suppliers may be less familiar with the situation and latest developments in foreign markets and subject to significant market risks. It is therefore to the suppliers' advantage to avail themselves of the local market insights, connections and expertise of the Group as the distributor in the sales and distribution of their commodity products in foreign markets.

Therefore, the services provided by the Group in its intermediary role as a distributor are generally perceived to be indispensable and add values on both the upstream and the downstream sides of the Resources Business and the commodity industry.

It is also believed that the Group's core competence lies in having a highly competent and experienced Business Development Team, the members of which had been involved in the procurement of iron ore from overseas mines under offtake or standalone arrangements and in the provision of related shipping services for more than a decade. They had also developed business relationships and engaged in business collaboration with iron ore and non-ferrous metal suppliers, and hence they possess a substantial amount of industry-specific experience in trade negotiation and business operation and well-established good reputation in the industry, and are widely recognised by suppliers and customers as trustworthy business partners. Taking advantage of the Business Development Team's sound industry knowledge and recognition in the market, the Group has been able to offer better and more complete services to its customers and grow the Resources Business during the Reporting Period and in the years ahead.

Business Review *(Continued)*

Resources Business *(Continued)*

With the success in securing the Restated Long Term Hematite Supply Agreement in 2019 and other supply contracts with mine owners from time to time, the Group managed to secure stable and sustainable supply of quality iron ore from reputable overseas mines. 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 a deed of novation, amendment and restatement to the date of permanent cessation of Koolan's mining operations at the Hematite Mine. Apart from the hematite ore supply from Koolan, the Group also sourced iron ore supplies from other overseas mines, including the magnetite ore from South Africa and the low-grade hematite fines and lumps and the high grade iron pellet from Australia. The Restated Long Term Hematite Supply Agreement and the aforesaid diversified iron ore supplies illustrated the Business Development Team's continual effort and success in growing the Resources Business and the growth in business volume achieved during the Reporting Period. The Group believes that its business reputation in the iron and steel industry and good relationships with suppliers are gradually building up.

Apart from 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. The Group's customers included the sourcing arms of steel mills and the trading arms of state-owned enterprises, as well as end-users of the commodities.

In addition, in line with market practices, it is customary for the customers to fix the iron ore selling price based on a future price with a view to aligning the customers' procurement costs with the selling price of their end products. On the supply side, the commodities are purchased at competitive prices, which, under the Restated Long Term Hematite Supply Agreement, for instance, are to be determined based on the agreed market pricing formulae taking into account the relevant benchmark prices and indices of specified periods 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. In view of the prevailing market conditions and customer preferences, the Group has adjusted its pricing strategy for iron ore products by adopting the aforesaid provisional pricing arrangements and accepting that the sales to customers and the purchases from suppliers may be subject to future pricing quotation periods (the "QPs"). As the benchmark prices, the market indices and the QPs with each customer may differ from that under the relevant supply contract(s), resulting in possible mismatch in the procurement costs and the selling price of the Group's iron ore and commodity products, the Group started to adopt the hedging tools to hedge against commodity price fluctuation risks since 2019.

During the Reporting Period, the Group continued to adopt hedging tools such as iron ore futures or swaps contracts that were executed through Singapore Exchange Securities Trading Limited to manage the operational risks that may arise from hematite ore supply under the Restated Long Term Hematite Supply Agreement. Through these hedging instruments, the Group has been able to hedge against most (if not all) of the financial impacts on the iron ore supply and sales contracts as a result of the fluctuations in iron ore market prices, which may arise from movements in the benchmark prices and market indices under different QPs.

Business Review *(Continued)*

Resources Business *(Continued)*

During the Reporting Period, the Group recognised revenue from continuing operations from the sales of iron ore under the Resources Business amounting to approximately RMB1,161.9 million (Corresponding Prior Period: approximately RMB359.2 million (restated)), representing an increase by more than 220%. Through the efforts of the Business Development Team to grow and develop the Resources Business, the Group sold approximately 2.2 Mt of iron ore (Corresponding Prior Period: approximately 0.4 Mt), representing an increase by about 450%, and achieved an increase in overall gross profit from continuing operations by approximately RMB11.2 million or about 55% for the Reporting Period, as compared to the Corresponding Prior Period. Nevertheless, attributed to the COVID-19 pandemic, the protocols and measures adopted by various governments to reduce the risk of virus transmission and the adverse weather impacts on a major supplier, the Group's gross profit ratio dropped by a large extent from about 5.7% (restated) for the Corresponding Prior Period to about 2.7% for the Reporting Period. Such fall in gross profit ratio was also attributed to the high volume of standalone and periodic supplies of iron ore procured from the overseas mine owners which were sold to the customers at thin margin under the fierce market competition and rapid trade negotiation and conclusion during the Reporting Period. As the Group's purchases and sales of hematite ore from the Hematite Mine reflect benchmark prices and market indices of future QPs, the Group's revenue and cost of sales remain subject to provisional pricing adjustments until they are finalised within three months after shipment dates.

Australian iron ore exports to China surged in the first half of 2020, as demand from steel mills rose to supply the infrastructure building push in the PRC to boost the coronavirus-hit economy. Iron ore exports from Australia to the rest of the world, though, remained weak, reflecting the sharp differences in the pace of the recovery in major economies from the impact of the COVID-19 pandemic.

The iron ore imports by China in the first half of 2020 grew about 9.6% as compared to a year earlier, according to the statistics released by China's General Administration of Customs. After ending its national lockdown at the end of February 2020, China's steel demand has recovered sharply – boosted by pent-up demand, seasonal restocking and strong infrastructure spending. The China-led re-activation of its vast mining or metal processing capability continued to spur related industries worldwide back to work. While Chinese demand for iron ore has improved progressively since it reopened its economy in May 2020, the recovery in iron ore demand around the world has yet to begin meaningfully and is likely to be subdued when it does. This also recognised the on-going supply side response to the lockdown, with most of the capability worldwide now attempting to normalise too. In June 2020, China's steel demand growth finally began moderating, reflecting seasonal headwinds. Industry feedback revealed emerging bearishness on rising production rates, easing downstream demand and narrowing average industry margins.

Business Review *(Continued)*

Resources Business *(Continued)*

Iron ore prices have also performed well on the back of rising Chinese demand, soaring to about US$120 per tonne for 65% Fe grade iron ore and over US$100 per tonne for 62% Fe grade iron ore in June 2020. Iron ore prices have been lifting throughout the first half of 2020, quickly shrugging off the impact of the COVID-19 pandemic lockdown. The post-lockdown resurrection of China's steel industry and the weak supply of iron ore from mines in Brazil have so far underpinned 2020's iron ore market price performance. The price has been helped by the weakened global iron ore supply as Brazil's exports have been hit by industry flooding and mismanagement of the virus' spread in the first half of 2020.

According to the International Monetary Fund, the COVID-19 pandemic has had a more negative impact on global activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. Therefore, the most potent driver of commodity prices shall be the ongoing easing of virus-related lockdowns worldwide. Other things have also materially changed in the interim. For instance, the US-China trade conflicts resume. Not only did the conflict flare again between these two countries, China also imposed tariffs on imports from other countries, like Australia. China-related trade conflict is proving to be an enduring theme in commodities.

During the Reporting Period, the hematite ore supplied by the Hematite Mine continued to be one of the major iron ore products offered by the Group. The Group is pleased to report that, notwithstanding the current global uncertainty, Koolan, as the supplier, has continued to perform its supply obligations under the Restated Long Term Hematite Supply Agreement. However, the business performance in the Reporting Period was negatively impacted by the COVID-19 pandemic to a certain extent, including the decrease in hematite ore supply attributed to the difficult mining conditions of Koolan. In response to the rapid global spread of COVID-19 pandemic, the supplier has implemented various operational changes, protocols and measures to ensure the operational continuity while reducing the risk of virus transmission at the same time. Several unusual adverse weather conditions at the mine site in the Reporting Period also hindered the mining movement of the supplier. As a result, the Group could only purchase approximately 0.7 Mt of hematite ore from the Hematite Mine during the Reporting Period. Subject to the mining activity of the supplier returning to targeted levels and market conditions in the second half of 2020, the quantity of hematite ore to be supplied by the Hematite Mine for 2020 is anticipated to be at a comparable level to that of 2019 in view of the information currently available to the Group.

Recently, the seaborne iron ore price for 62% Fe grade iron ore hit the six-year high in August 2020 due to continual tight supply and is likely to remain supported by firm demand by steel mills in China. Also, traded prices for portside iron ore inventories remain higher than seaborne prices for mainstream fines, supporting the demand for seaborne cargoes (iron ore imports) in China. Amid increasing caution from market participants over a possible correction in prices, several sources expected continuous support for seaborne price levels. Procurement demand will unlikely tail-off in the near term on healthy steel margins and the upcoming peak demand season for steel finished products in September and October, according to sources.

Business Review *(Continued)*

Resources Business *(Continued)*

However, there were talks of caution on risk factors due to the high iron ore prices which includes a potentially poorer than expected steel demand and the solving of port congestion issues in China that may bring up the import supply of iron ore fines. According to market sources, some Chinese steelmakers are also considering the significant adjustment to alter their sinter feed blending ratios in blast furnace as the price of popular medium grades iron ores hit multiple year highs, increasing the value-in-use advantage of high grade ores. A surge in iron ore prices over the recent month on the back of limited supply of medium grade fines has also narrowed the spread of medium grade iron ore to high grade iron ore at the same time.

The more volatile and fast moving seaborne iron ore market prices after 30 June 2020 has created challenges to the Group's Resources Business, in particular, on trade negotiation, product pricing and execution of hedging strategy and hedging instruments. The Business Development Team shall keep abreast of the recent market development and take the necessary steps to secure the swift sales of iron ore of the Group in the second half of 2020.

Looking ahead, notwithstanding the challenges and uncertainty brought by the continual COVID-19 pandemic or its resurgent virus that may threaten the business and economic performance, the US-China trade conflicts and other issues, 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 suitable suppliers so as to further diversify the Group's product offerings, and is looking forward to the upkeep or even further expansion of the scale of the Resources Business.

The Mining Business and the Discontinued Operations

In the past, the Group, through the Disposal Company and Xingye Mining, owned and operated the Yanjiazhuang Mine which is an open-pit iron and gabbro-diabase mine in Hebei Province, the PRC (the "Mining Business" or "Discontinued Operations"). The Mining Permit had expired in July 2017, and the renewal of the Mining Permit has not been processed by the relevant government authority during the Reporting Period.

In late 2019, the Company entered into the Sale and Purchase Agreement for the Disposal of the Disposal Company and steps were taken to mitigate the operating loss arising from the discontinued operations during the Reporting Period.

The Disposal had been completed in June 2020 and, after that, the Disposal Company no longer contributes to the financial results of the Group.

Mine-Related Capital Expenditure and Infrastructure Development

As mentioned in the "Business Review" section above, the Disposal had been completed in June 2020. The Group did not incur any material capital expenditure or carry out 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 Reporting Period.

Exploration Activity

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 Disposal Group recognised scrap sales of stone products produced in prior years during the Reporting Period (Note 8 to the interim condensed consolidated financial information). Thus, the Group had costs of gabbro-diabase and stone products of the Mining Business amounting to approximately RMB1.1 million which were recognised in the net loss of the Discontinued Operations during the Reporting Period (Corresponding Prior Period: approximately RMB0.1 million).

Mineral Resource and Ore Reserve Estimates

As mentioned in the "Business Review" section above, the Disposal had been completed in June 2020. As such, the Group did not have any mineral resource and ore reserve as at 30 June 2020. The details of the Group's mineral resource and ore reserve estimates at the Yanjiazhuang Mine as at 31 December 2019 were disclosed in the Annual Report 2019.

Production Safety and Environmental Protection

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

Interim Dividend

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

Financial Review

Results for the Reporting Period

Note: The Disposal of the Disposal Group had been completed in June 2020 and the Group's iron concentrate business and gabbro-diabase and stone business had been classified as the Group's Discontinued Operations. Analysis of the results and cash flows of the Discontinued Operations are presented in Note 8 to the interim condensed consolidated financial information. The comparative results have been re-presented as if the Discontinued Operations had been discontinued at the beginning of the comparative period.

During the Reporting Period, the Group recognised revenue from continuing operations of approximately RMB1,161.9 million (approximately RMB359.2 million (restated) for the Corresponding Prior Period), increasing by more than 220%, which came from the Resources Business on sales of iron ore. The net profit from continuing operations of the Group for the Reporting Period was approximately RMB7.4 million (approximately RMB8.3 million (restated) for the Corresponding Prior Period), representing a decrease by about 11%. The profit for the period attributable to the owners of the Company amounting to approximately RMB7.4 million (the loss for the period attributable to the owners of the Company of approximately RMB14.5 million for the Corresponding Prior Period). The basic and diluted earnings per share for the Reporting Period was approximately RMB0.18 cents (basic and diluted loss per share approximately RMB0.36 cents for the Corresponding Prior Period).

The Group sold approximately 2.2 Mt of iron ore during the Reporting Period (approximately 0.4 Mt of iron ore for the Corresponding Prior Period). Notwithstanding the increase in the quantity of iron ore sold during the Reporting Period, the Group's operation has been negatively affected to a certain extent by the COVID-19 pandemic. The impacts of the COVID-19 pandemic have created challenges to the Group. On the supply side, the lockdown and various operational changes, protocols, and measures launched to contain the COVID-19 pandemic and unexpected adverse weather conditions in Western Australia had disrupted our supplier's mining activities leading to a reduced supply of iron ore in terms of quantity during the Reporting Period. On the demand side, since the second quarter of 2020, the lockdown measures have mostly been lifted across China, prompting a quick recovery in Chinese economic activity. Chinese demand for iron ore rebounded strongly post-lockdown to meet pent-up demand. The iron ore prices have also performed well with the average of iron ore index for 65% Fe fines, CFR North China remaining strong at about US$106 per tonne during the Reporting Period.

The overall improved financial results of the Group were mainly attributable to the significant decrease in net loss contributed by the Group's Discontinued Operations by approximately RMB22.9 million during the Reporting Period, as compared to the Corresponding Prior Period. Such decrease was mainly attributable to (i) the absence of impairment losses of approximately RMB7.4 million that were recognised for the Discontinued Operations for the Corresponding Prior Period; (ii) the recognition of write-back of certain other payables of approximately RMB7.5 million during the Reporting Period as a result of the Disposal; and (iii) the steps taken to mitigate the operating loss arising from the Discontinued Operations during the Reporting Period.

On the other hand, the Group recorded a moderate decrease of about 11% in net profit from continuing operations during the Reporting Period. Despite the significant increase in the Group's revenue and gross profit from continuing operations for the Reporting Period, the Group's net profit from continuing operations for the Reporting Period was offset by (i) the increase in finance expenses by approximately RMB9.0 million to support the growing Resources Business during the Reporting Period; and (ii) the increase in the selling and distribution costs by approximately RMB6.1 million as a result of the expansion of the Business Development Team to cope with the growth of the Resources Business.

Financial Review *(Continued)*

Revenue, Gross Profit and Gross Profit Margin

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

Notwithstanding the outbreak of COVID-19 pandemic and unexpected disruption of mining activities of a supplier, the Group sold approximately 2.2 Mt of iron ore during the Reporting Period (approximately 0.4 Mt of iron ore for the Corresponding Prior Period), which was mainly attributed to the rising of Chinese demand post-lockdown. During the Reporting Period, the Group recognised revenue from continuing operations of approximately RMB1,161.9 million (approximately RMB359.2 million (restated) for the Corresponding Prior Period), increasing by more than 220%, which 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:

	Six-month period ended 30 June					
	2020			2019		
	Transaction volume MT	**Revenue RMB'million**	**Gross profit RMB'million**	Transaction volume MT	Revenue RMB'million (Restated)	Gross profit RMB'million (Restated)
Revenue sourced from						
Koolan[1]	**0.7**	**507.2**		–	–	
Other suppliers[2]	**1.5**	**654.7**		0.4	355.0	
	2.2	**1,161.9**	**31.7**	0.4	355.0	19.7
Sales of coal from Inner Mongolia	**–**	**–**	**–**	–	4.2	0.8
Total	**2.2**	**1,161.9**	**31.7**	0.4	359.2	20.5

1 During the Reporting Period, the Group purchased high-grade hematite ore from Koolan under the Restated Long Term Hematite Supply Agreement since the second half of 2019. The Group sold approximately 0.7 Mt of iron ore with the average unit selling price of about US$101 per tonne during the Reporting Period.

2 Other suppliers include suppliers of iron ore from several overseas mines in South Africa and Australia. During the Reporting Period, the Group sold approximately 1.5 Mt of iron ore with the average unit selling price of about US$63 per tonne (approximately 0.4 Mt of iron ore with the average unit selling price of about US$122 per tonne for the Corresponding Prior Period). The decrease in the average iron ore selling prices represented the Group's shift of product mix to sale of more low-grade iron ore during the Reporting Period. The Group's persistent effort to find new sources of supply from overseas mines have led to the substantial 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 diversified iron ore supplies at competitive prices from Koolan and other suppliers, the Group achieved a significant increase in business volume and recorded an overall increase in gross profit from continuing operations to approximately RMB31.7 million (approximately RMB20.5 million (restated) for the Corresponding Prior Period). With a view to diversify the product offerings, the Group also entered into standalone and periodic contracts during the Reporting Period and purchased 1.5 Mt of iron ore from other suppliers at competitive prices. Since the Group aims at maintaining a low inventory level, the Group sold these products with thin margin under the fierce market competition and rapid trade negotiation and conclusion during the Reporting Period. Therefore, the gross profit ratio decreased to about 2.7% during the Reporting Period (about 5.7% (restated) for the Corresponding Prior Period).

Cost of Sales

The Group's cost of sales from continuing operations for the Reporting Period increased by about 234% to approximately RMB1,130.2 million, as compared to approximately RMB338.7 million (restated) for the Corresponding Prior Period. The increase in cost of sales was largely in line with the increase in purchase volume of iron ore sold under the Resources Business. The Group continues to arrange for the freight and shipment of cargoes and these costs have also 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 continues to adopt hedging tools such as iron ore futures or swap contracts 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 increasing iron ore market prices and the increase in the Group's purchase volume.

Selling and Distribution Costs

The Group has been expanding the Business Development Team since the second half of 2019 in order to cope with the growth of the Resources Business and, as a result, incurred more selling and distribution costs which mainly consisted of office rental and staff costs. During the Reporting Period, the Group's selling and distribution costs from continuing operations were approximately RMB6.4 million, which is much higher than that for the Corresponding Prior Period of approximately RMB0.3 million (restated) by about 20 times.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses from continuing operations were approximately RMB5.9 million which is lower than that for the Corresponding Prior Period of approximately RMB7.5 million (restated) by about 21%. The decrease in administrative expenses was mainly attributable to the decrease in legal and professional fees in the absence of corporate transactions for the Reporting Period.

Financial Review *(Continued)*

Finance Expense

Finance expense from continuing operations increased by about 8 times to approximately RMB10.2 million during the Reporting Period, as compared to approximately RMB1.2 million (restated) for the Corresponding Prior Period. In order to support the expansion of the Resources Business with rapid increase in business volume since mid-2019, the Group had obtained several supports (guarantees) and raised borrowings from financial and non-financial institutions amounting to approximately RMB310.1 million in 2019. As a result, the interest expenses on bank and other borrowings and guarantee fee incurred by the Group increased significantly by approximately RMB6.7 million, in aggregate, for the Reporting Period.

Discontinued Operations

The Group's loss for the period from the Discontinued Operations was approximately RMB0.1 million. Comparing with its loss of approximately RMB23.0 million (restated) for the Corresponding Prior Period, the Group's loss from the Discontinued Operations for the Reporting Period has significantly decreased by approximately RMB22.9 million. Such decrease was mainly attributable to (i) the absence of impairment losses of approximately RMB7.4 million that were recognised for the Corresponding Prior Period; (ii) the recognition of write-back of certain other payables of approximately RMB7.5 million during the Reporting Period as a result of the Disposal; and (iii) the steps taken to mitigate the operating loss arising from the Discontinued Operations during the Reporting Period. Analysis of the results and cash flows of the Discontinued Operations is presented in Note 8 to the interim condensed consolidated financial information. The comparative results have been restated as if the Discontinued Operations had been discontinued at the beginning of the comparative period.

Other Long-term Assets

As at 30 June 2020, the other long-term assets of the Group had a net carrying amount of approximately RMB121.4 million (approximately RMB125.5 million as at 31 December 2019), representing the commodity supply contract with forward purchase of future outputs from the Hematite Mine at discount. Details of this commodity supply contract are set out in Note 11 to the interim condensed consolidated financial information.

Trade and Bills Receivables

The Group's trading terms with its customers generally require deposits or 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 30 June 2020, the balance of trade and bills receivables of the Group was approximately RMB199.6 million (approximately RMB292.9 million as at 31 December 2019) and about 97% of the balance were bills receivables (about 95% as at 31 December 2019). The decrease in receivables balance was mainly attributable to the fall in shipments and sales made in June 2020 as compared to those in December 2019.

Financial Review *(Continued)*

Other Current Financial Assets

As at 30 June 2020, the balance of other current financial assets of the Group was approximately RMB37.3 million (approximately RMB79.5 million as at 31 December 2019). The decrease in balance was mainly attributable to (i) the collection of coal trade deposit of RMB13.0 million during the Reporting Period; (ii) the decrease in margin deposits held by clearing houses by approximately RMB20.1 million for execution of iron ore futures or swap contracts as hedging instruments under the Resources Business; and (iii) the decrease in financial assets at fair value through profit or loss by approximately RMB12.1 million which represented the net open positions of iron ore futures or swap contracts with a positive contract value of approximately RMB4.4 million as at 30 June 2020 (approximately RMB16.5 million as at 31 December 2019).

Trade and Bills Payables

As at 30 June 2020, the balance of trade and bills payables of the Group was approximately RMB229.9 million (approximately RMB255.8 million as at 31 December 2019) and about 93% of the balance were bills payables (about 72% as at 31 December 2019). The decrease in payables balance as at 30 June 2020 was mainly attributable to less procurement of iron ores in the second quarter of 2020 as compared to the fourth quarter of 2019, the effect of which was partly offset by the estimated increasing purchase costs at 30 June 2020.

Liquidity, Financial Resources and Financing Activities

As at 30 June 2020, the cash and cash equivalents of the Group amounting to approximately RMB148.5 million (approximately RMB90.4 million (including those held by the Disposal Group) as at 31 December 2019), of which about 2% were denominated in RMB, about 37% were denominated in HKD and about 61% were denominated in USD (about 5% were denominated in RMB, about 4% were denominated in HKD and about 91% were denominated in USD as at 31 December 2019), representing about 27% (about 8% as at 31 December 2019) of total assets of the Group.

The Group's net cash position was approximately RMB96.2 million as at 30 June 2020 (net debt position of approximately RMB114.5 million as at 31 December 2019). The Group's net cash position had improved because of (i) the decrease in working capital requirement of the Resources Business by approximately RMB110.8 million; and (ii) the consideration received from the Disposal of approximately RMB93.4 million during the Reporting Period. There was also a decrease in the Group's restricted bank deposits balance by approximately RMB285.5 million as at 30 June 2020 as compared to 31 December 2019 which is mainly attributed to the repayment of bank borrowing and reduced deposit requirements to secure the issuance of letters of credit during the Reporting Period. The Group's liquidity ratio was approximately 1.5 as at 30 June 2020 (approximately 1.2 as at 31 December 2019), which is considered to be steady.

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

The following table sets out certain information regarding the Group's interim condensed consolidated statement of cash flows for the six-month periods ended 30 June 2020 and 2019:

	Six-month period ended 30 June			
	2020		2019	
	RMB'million	**RMB'million**	RMB'million	RMB'million
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows at beginning of period		**90.4**		98.0
Net cash flows from/(used in) operating activities	**420.0**		(156.2)	
Net cash flows from investing activities	**93.6**		–	
Net cash flows (used in)/from financing activities	**(456.3)**		203.1	
Net increase in cash and cash equivalents		**57.3**		46.9
Effect of foreign exchange rate changes, net		**0.8**		0.5
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows at end of period		**148.5**		145.4

Net cash flows from/(used in) operating activities

The Group's net cash flows from/(used in) operating activities improved by approximately RMB576.2 million, from net cash outflows of approximately RMB156.2 million for the Corresponding Prior Period to net cash inflows of approximately RMB420.0 million for the Reporting Period. It primarily included the profit before tax from continuing operations of approximately RMB9.2 million, the cash inflow from reduced restricted bank deposits requirements of approximately RMB286.7 million and the cash inflow from the release of working capital from trade and bills receivables and payables and other current financial assets of approximately RMB110.8 million, in aggregate. The Group would continue to negotiate for new trade finance facilities with the banks so as to support the further development of the Resources Business.

Net cash flows from investing activities

The Group's net cash flows from investing activities was approximately RMB93.6 million for the Reporting Period (Nil for the Corresponding Prior Period), which was mainly attributed to the sales proceeds received from the Disposal amounting to approximately RMB93.4 million during the Reporting Period.

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

Net cash flows (used in)/from financing activities

During the Reporting Period, the Group's net cash flows used in financing activities increased by approximately RMB659.4 million, as compared to the Corresponding Prior Period, which is mainly attributed to the repayment of the Group's bank and other borrowings amounting to approximately RMB441.5 million during the Reporting Period.

Capital Structure and Gearing Ratio

As at 30 June 2020, the Group's interest-bearing bank and other borrowings was approximately RMB83.0 million (approximately RMB521.2 million as at 31 December 2019) and all carried interest at fixed rates as at 30 June 2020. During the Reporting Period, the Group has repaid approximately RMB441.5 million to financial and non-financial institutions. Since the Group has net cash position of approximately RMB96.2 million as at 30 June 2020, it is therefore not considered to have any net gearing as at that date (the Group's net gearing ratio was about 54% as at 31 December 2019).

Going forward, the Group's management and the Business Development Team will continue to focus on managing the banking facilities and other financing options so as to minimise the cash requirements of 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.

Further details of the Group's interest-bearing bank and other borrowings are set out below and in Note 15 to the interim condensed consolidated financial information.

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

As at 30 June 2020, the Group's interest-bearing bank and other borrowings decreased by approximately RMB438.2 million to approximately RMB83.0 million (approximately RMB521.2 million as at 31 December 2019). The decrease was mainly attributable to the repayment of borrowings of approximately RMB441.5 million during the Reporting Period. All the Group's borrowings were denominated in HKD and carried interests at fixed rates as at 30 June 2020.

As at 30 June 2020, the Group's borrowings of approximately RMB33.6 million and RMB49.1 million are repayable within one year and in the second year respectively and the balance of approximately RMB0.3 million is repayable in the third to fifth years.

Pledge of Assets

The Group's utilised banking facilities as at 30 June 2020 were secured by restricted bank deposits of approximately RMB30.8 million. Restricted bank deposits and bills receivables of approximately RMB316.3 million and RMB15.3 million, respectively, were used to secure the interest-bearing bank and other borrowings and the utilised banking facilities as at 31 December 2019.

As at 30 June 2020 and 31 December 2019, 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 was RMB during the Reporting Period as the principal non-current assets of the Disposal Group was located in the PRC. The Disposal of the Disposal Group had been completed on 30 June 2020 while transactions in the Group's Resources Business were mainly settled in US$.

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 currency. All of the Group's sale and purchase transactions from continuing operations during the Reporting Period and about 94% of the Group's net assets as at 30 June 2020 (about 48% as at 31 December 2019) were denominated in foreign currency (the HKD and US$). Currently, the Group does not have any foreign currency hedging policy. The fluctuation of US$ and HKD against RMB during the Reporting Period led to the recognition of net foreign exchange gains from continuing operations of approximately RMB0.8 million (approximately RMB0.4 million (restated) for the Corresponding Prior Period).

With effect from 1 July 2020, the Group changed its presentation and functional currency from RMB to US$ as significant portions of the Group's revenues, expenses and cash flows are denominated in US$ after the completion of the Disposal on 30 June 2020. Such changes are to better reflect and account for the Group's business activities in the transaction currency. Amid the fragile global economic outlook under the COVID-19 pandemic and the trade friction between the US and China, it could be expected that the currency exchange rates between US$ and other currencies will be subject to fluctuations to a greater extent in the future. Upon the change of functional currency of the Group to US$ with effect from 1 July 2020, the management will closely observe the movements in US$ 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, the Group continues to adopt hedging tools such as iron ore futures or swap contracts to manage the operational risks that may arise from the Resources Business. The Group's hedging executives have managed the Group's exposure over iron ore price fluctuation by execution of approved hedge strategy and hedging instruments.

Exposure to Fluctuations in Commodity Prices *(Continued)*

For the Reporting Period, the Group recognised net losses of approximately RMB4.5 million (Nil for the Corresponding Prior Period) and net gains of approximately RMB35.5 million (approximately RMB7.4 million (restated) for the Corresponding Prior Period) from hedging transactions in the Group's revenue and cost of sales, respectively.

As at 30 June 2020, the Group had an aggregate open position of iron ore futures or swap contracts of 195,000 tonnes expiring by the end of August 2020 with a positive contract value of approximately US$0.6 million (equivalent to approximately RMB4.4 million) (505,000 tonnes expired by the end of February 2020 with a positive contract value of approximately US$2.4 million (equivalent to approximately RMB16.5 million) as at 31 December 2019) which has been recognised as the financial assets at fair value through profit or loss.

Segment Information

As discussed earlier, the Group has successfully evolved into the Resources Business since 2019. As a result of the Sale and Purchase Agreement entered into by the Group in December 2019, the Mining Business have been classified as the Discontinued Operations. The Group's internal organisation structure and reporting have been changed since then and the Discontinued Operations were no longer separately assessed or reviewed. As such, the financial information of the Discontinued Operations were excluded from the segment information for the Reporting Period. The comparative figures of the Group's segment information had also been restated to reflect the classification of the Discontinued Operations.

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

	Six-month period ended 30 June	
	2020 RMB'million	2019 RMB'million (Restated)
Mainland China	**1,097**	331
Others	**65**	28
	1,162	359

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 3 to the interim condensed consolidated financial information, and further discussions on business performance and market overview of the Group's Resources Business are set out in the sections headed "Business Review" above.

Significant Investments, Acquisitions and Disposals

There were no significant investments held, acquisitions and disposals by the Group during the Reporting Period, except for the completion of the Disposal as discussed in the "Business Review" above. For further details of the Disposal, please refer to the Company's announcements dated 31 December 2019 and 30 June 2020.

The Group did not have any specific future plans for material investments or capital assets as at 30 June 2020. However, 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

With effect from 1 July 2020, the Group changed its presentation and functional currency from RMB to US$ as significant portions of the Group's revenues, expenses and cash flows are denominated in US$ after the completion of the Disposal on 30 June 2020. Such changes are to better reflect and account for the Group's business activities in the transaction currency.

The above changes in functional currency will be accounted for in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The Group will apply the translation procedures applicable to the new functional currency prospectively from the date of the change i.e. 1 July 2020. On the other hand, the Group will also change its presentation currency to US$ in the annual financial statements for the year ending 31 December 2020 in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which requires retrospective application of such change. The comparatives should then be restated and presented in the new presentation currency as if this had always been the Group's presentation currency.

Save as disclosed above and elsewhere in this report, there is no other significant event affecting the Group which has occurred since the end of 30 June 2020 and up to the date of this report.

Employees and Remuneration Policies

As at 30 June 2020, the Group had a total of 26 employees in Hong Kong (75 employees in Hong Kong and Mainland China as at 31 December 2019). The decrease in staff force was attributed to the Disposal that had been completed in June 2020.

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.

Employees and Remuneration Policies *(Continued)*

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 governments and health authorities at the cities with operations and deployed appropriate operation protocols and preventive measures to protect the employees and provide them with healthy and hygienic working environments within the offices and premises during the Reporting Period.

Outlook and Future Plans

According to researches, the COVID-19 pandemic has pushed the global baseline forecast for 2020 into an economic recession. Downside risks are now dominated by more pessimistic COVID-19 pandemic scenarios reflecting uncertainty about epidemiological assumptions and financial conditions during recession. The US-China trade conflicts probability has increased due to various administration banning and retaliatory tariff hikes by the US government on China.

Recently, the seaborne iron ore price for 62% Fe grade iron ore hit the six-year high in August 2020 due to continual tight supply and is likely to remain supported by firm demand by steel mills in China. A surge in iron ore prices over the recent month on the back of limited supply of medium grade fines has also narrowed the spread of medium grade iron ore to high grade iron ore at the same time.

The more volatile and fast moving seaborne iron ore market prices after 30 June 2020 has created challenges to the Group's Resources Business, in particular, on trade negotiation, product pricing and execution of hedging strategy and hedging instruments. The Business Development Team shall keep abreast of the recent market development and take the necessary steps to secure the swift sales of iron ore of the Group in the second half of 2020.

Notwithstanding the current global uncertainty, the Group continues to focus its efforts on optimising the Resources Business, improving its profitability and return to the shareholders. The Group's management will focus on managing the inventory level, securing more favourable banking facilities and other financing options so as to reduce the cash requirements of the Resources Business and support the continual business expansion.

Looking 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 suitable suppliers so as to further diversify the Group's products offerings, and is looking forward to the upkeep or even further expansion of the scale of the Resources Business.

Independent Auditor's Review Report

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

Introduction

We have reviewed the interim financial information set out on pages 23 to 58, which comprises the interim condensed consolidated statement of financial position of Newton Resources Ltd (the "Company") and its subsidiaries (the "Group") as at 30 June 2020 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Ernst & Young
Certified Public Accountants
Hong Kong

26 August 2020

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

Six-month period ended 30 June 2020

	Notes	Six-month period ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Restated)
Continuing operations			
Revenue	4	**1,161,931**	359,174
Cost of sales		**(1,130,238)**	(338,690)
Gross profit		**31,693**	20,484
Other income and gains		**8**	–
Selling and distribution costs		**(6,422)**	(272)
Administrative expenses		**(5,936)**	(7,545)
Finance expense, net	6	**(10,161)**	(1,156)
Share of loss of an associate		**(9)**	(50)
Profit before tax from continuing operations	5	**9,173**	11,461
Income tax expenses	7	**(1,822)**	(3,141)
Profit for the period from continuing operations		**7,351**	8,320
Discontinued operations			
Loss for the period from discontinued operations	8	**(57)**	(23,036)
Profit/(loss) for the period		**7,294**	(14,716)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**198**	151
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**198**	151
Other comprehensive income for the period, net of tax		**198**	151
Total comprehensive income for the period		**7,492**	(14,565)

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

Six-month period ended 30 June 2020

	Notes	Six-month period ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Restated)
Profit/(loss) for the period attributable to the owners of the Company:			
– from continuing operations		**7,351**	8,320
– from discontinued operations		**36**	(22,805)
		7,387	(14,485)
Loss for the period attributable to non-controlling interests:			
– from continuing operations		**–**	–
– from discontinued operations		**(93)**	(231)
		(93)	(231)
Profit/(loss) for the period		**7,294**	(14,716)
Total comprehensive income attributable to:			
Owners of the Company		**7,585**	(14,334)
Non-controlling interests		**(93)**	(231)
		7,492	(14,565)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted			
– For profit/(loss) for the period *(RMB cents)*	10	**0.18**	(0.36)
– For profit from continuing operations *(RMB cents)*	10	**0.18**	0.21

Interim Condensed Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**938**	1,028
Right-of-use assets		**1,805**	2,150
Investment in an associate		**1,344**	1,353
Other long-term assets	11	**121,371**	125,535
Total non-current assets		**125,458**	130,066
Current assets			
Trade and bills receivables	12	**199,560**	292,854
Other current financial assets	13	**37,250**	79,548
Prepayments and other receivables		**677**	973
Restricted bank deposits		**30,753**	316,337
Cash and cash equivalents		**148,499**	89,359
		416,739	779,071
Assets of a disposal group classified as held for sale	8	**–**	204,947
Total current assets		**416,739**	984,018
Current liabilities			
Trade and bills payables	14	**229,920**	255,751
Other current financial liabilities		**2,579**	8,833
Other payables and accruals		**1,951**	5,570
Interest-bearing bank and other borrowings	15	**33,628**	449,557
Income tax payables		**1,925**	4,185
		270,003	723,896
Liabilities directly associated with the assets classified as held for sale	8	**–**	108,197
Total current liabilities		**270,003**	832,093
Net current assets		**146,736**	151,925
Total assets less current liabilities		**272,194**	281,991

Interim Condensed Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Non-current liabilities			
Interest-bearing bank and other borrowings	15	**49,404**	71,638
Total non-current liabilities		**49,404**	71,638
Net assets		**222,790**	210,353
Equity			
Equity attributable to owners of the Company			
Share capital	16	**331,960**	331,960
Reserves		**(109,170)**	(116,755)
		222,790	215,205
Non-controlling interests		**–**	(4,852)
Total equity		**222,790**	210,353

Interim Condensed Consolidated Statement of Changes in Equity

Six-month period ended 30 June 2020

	Attributable to owners of the Company							
	Share capital RMB'000 (Note 16)	Share premium account RMB'000	Capital reserves RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)								
At 1 January 2020	**331,960**	**719,871**	**80,864**	**564**	**(918,054)**	**215,205**	**(4,852)**	**210,353**
Profit/(loss) for the period	**–**	**–**	**–**	**–**	**7,387**	**7,387**	**(93)**	**7,294**
Other comprehensive income for the period:								
Exchange differences related to foreign operations	**–**	**–**	**–**	**198**	**–**	**198**	**–**	**198**
Total comprehensive income for the period	**–**	**–**	**–**	**198**	**7,387**	**7,585**	**(93)**	**7,492**
Disposal of subsidiaries (Note 18)	**–**	**–**	**–**	**–**	**–**	**–**	**4,945**	**4,945**
At 30 June 2020	**331,960**	**719,871***	**80,864***	**762***	**(910,667)***	**222,790**	**–**	**222,790**
(Unaudited)								
At 1 January 2019	331,960	719,871	80,864	2	(848,370)	284,327	(4,371)	279,956
Loss for the period	–	–	–	–	(14,485)	(14,485)	(231)	(14,716)
Other comprehensive income for the period:								
Exchange differences related to foreign operations	–	–	–	151	–	151	–	151
Total comprehensive income for the period	–	–	–	151	(14,485)	(14,334)	(231)	(14,565)
At 30 June 2019	331,960	719,871	80,864	153	(862,855)	269,993	(4,602)	265,391

* These reserve accounts comprise the deficiency in reserves of RMB109,170,000 in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

Six-month period ended 30 June 2020

	Notes	Six-month period ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Restated)
Cash flows from operating activities			
Profit/(loss) before tax:			
From continuing operations		**9,173**	11,461
From discontinued operations	8	**(57)**	(23,036)
Adjustments for:			
Depreciation of items of property, plant and equipment		**99**	1,896
Depreciation of right-of-use assets		**384**	16
Amortisation of other long-term assets	11	**5,989**	–
Loss on disposal of items of property, plant and equipment		**156**	–
Impairment losses on prepayments and other receivables		**–**	6,650
Impairment losses on other current financial assets		**–**	750
Finance expense, net	6, 8	**10,692**	1,677
Share of loss of an associate		**9**	50
Gain on disposal of subsidiaries	18	**(1,722)**	–
Cash flows before working capital changes		**24,723**	(536)
Decrease in inventories		**478**	1,650
Decrease/(increase) in trade and bills receivables		**97,078**	(153,470)
Decrease in other current financial assets		**43,198**	6,586
Decrease in prepayments and other receivables		**451**	4,036
Decrease/(increase) in restricted bank deposits		**286,745**	(172,704)
(Decrease)/increase in trade and bills payables		**(29,522)**	150,674
Increase in other current financial liabilities		**5,074**	8,500
Decrease in contract liabilities		**(180)**	(2,601)
Decrease in other payables and accruals		**(8,097)**	(803)
Cash from/(used in) operations		**419,948**	(158,668)
Interest received		**1,199**	2,732
Bank charges paid		**(824)**	(221)
Hong Kong profits tax paid		**(273)**	–
Mainland China income tax paid		**–**	(52)
Net cash flows from/(used in) operating activities		**420,050**	(156,209)

Interim Condensed Consolidated Statement of Cash Flows

Six-month period ended 30 June 2020

	Notes	Six-month period ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Restated)
Cash flows from investing activities			
Disposal of subsidiaries	18	**93,390**	–
Proceeds from disposal of items of property, plant and equipment		**169**	–
Purchase of items of property, plant and equipment		**–**	(4)
Net cash flows from/(used in) investing activities		**93,559**	(4)
Cash flows from financing activities			
Repayment of bank and other borrowings		**(441,540)**	–
Interest paid		**(14,415)**	(2,789)
Principal portion of lease payments		**(343)**	–
Proceeds from bank and other borrowings		**–**	205,900
Net cash flows (used in)/from financing activities		**(456,298)**	203,111
Net increase in cash and cash equivalents		**57,311**	46,898
Cash and cash equivalents at beginning of period		**90,373**	97,953
Effect of foreign exchange rate changes, net		**815**	555
Cash and cash equivalents at end of period		**148,499**	145,406
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**26,975**	32,600
Non-pledged time deposits with original maturity of less than three months when acquired		**121,524**	112,806
Cash and cash equivalents at end of period		**148,499**	145,406

Notes to Interim Condensed Consolidated Financial Information

Six-month period ended 30 June 2020

1. Corporate Information

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

During the six-month period ended 30 June 2020, the principal activity of the Company was investment holding and the principal activities of its subsidiaries included trading of iron ore and other commodities.

On 31 December 2019, the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement") for the disposal of its entire interests in Venca Investments Limited ("Venca"), a direct wholly-owned subsidiary of the Company prior to the completion of the disposal, for a total consideration of Hong Kong Dollars ("HK$") 109,000,000 (equivalent to Renminbi ("RMB") 98,523,000) (the "Disposal"). 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 People's Republic of China (the "PRC") (the "Yanjiazhuang Mine") (thereinafter collectively referred to as the "Disposal Group"). The Disposal had been completed on 30 June 2020 and the Group ceased and discontinued the iron concentrate business and gabbro-diabase and stone business (the "Discontinued Operations"). An analysis of the results and cash flows of the Discontinued Operations is presented in Note 8 to the interim condensed consolidated financial information.

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

2.1 Basis of Preparation

The interim condensed consolidated financial information for the six-month period ended 30 June 2020 (the "Interim Financial Information") has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

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

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2019, except for the Group has applied the Amendments to References to the Conceptual Framework in International Financial Reporting Standards ("IFRSs") and the following amendments to IFRSs effective as of 1 January 2020.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The application of the Amendments to References to the Conceptual Framework in IFRSs and the amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current period and on disclosures set out in the Interim Financial Information.

3. Segment Information

Operating Segment Information

Since 2019, the Group has successfully evolved into the resources business, where the Group serves as 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 (the "Resources Business").

As a result of the Sale and Purchase Agreement entered into by the Group in December 2019, the Group's iron concentrate business and gabbro-diabase and stone business have been classified as the Discontinued Operations. The Group's internal organisation structure and reporting have been changed since then and the Discontinued Operations were no longer separately assessed or reviewed by the chief operating decision makers ("CODM"), who are the directors of the Company. As such, the financial information of the Discontinued Operations were excluded from the segment information for the six-month period ended 30 June 2020. The comparative figures of the Group's segment information for the six-month period ended 30 June 2019 had also been restated to reflect the classification of the Discontinued Operations in that period which were no longer separately assessed or reviewed by the CODM.

The financial information reviewed by the CODM as at the end of the reporting period only focuses on the performance of the continuing operations (the Resources Business). The Resources Business has been identified on the basis of internal management reports prepared in accordance with accounting policies that conform to IFRSs that are regularly reviewed by the CODM and there was no separate segment information other than the entity level information which is prepared since the Group has only one single operating segment. The CODM regularly reviews revenue analysis and results of the Group for the period 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 by the Group.

3. Segment Information *(Continued)*

Geographical Segment Information

(a) Revenue from external customers

	Six-month period ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Mainland China	**1,096,822**	331,346
Others	**65,109**	27,828
	1,161,931	359,174

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 futures or swap contracts), which a single external customer has contributed 10% or more to the Group's revenue, is as follows:

	Six-month period ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Customer A	**422,053**	138,407
Customer B	**273,219**	130,655
Customer C	**262,301**	58,138

4. Revenue

An analysis of revenue is as follows:

	Six-month period ended 30 June	
	2020 **RMB'000** **(Unaudited)**	2019 RMB'000 (Unaudited) (Restated)
Revenue from contracts with customers	**1,126,045**	352,472
Revenue from other sources:		
Quotation period price adjustments (Note)	**40,376**	6,702
Net losses on iron ore futures/swap contracts	**(4,490)**	–
	1,161,931	359,174

Note: Since 2019, the Group has adjusted its pricing strategy for certain iron ore products by adopting the provisional pricing arrangements and accepting that its sales to customers may be subject to future pricing quotation periods (the "QPs") that differ from the periods that the inventories are delivered and to fix the iron ore selling prices based on the agreed market pricing formulae taking into account the relevant benchmark prices and indices subject to future QPs. As a result, certain of the Group's iron ore products are provisionally priced at the date when revenue is recognised. In this regards, the Group's revenue from the sales of iron ore is measured at the estimated forward commodity prices for the relevant QPs prevailing at the date or for the period when the inventory is sold, being the amount to which the Group is expected to be entitled at the end of future QP. Any future price movements that occurred up till the end of the QP are embedded within the Group's trade receivables. Subsequent changes in value of the provisionally priced receivables are based on the estimated forward commodity prices for the relevant QPs and is recognised as "revenue from other sources" and included in "quotation period price adjustments" above. Certain of the Group's revenue recognised during the Reporting Period were still subject to provisional pricing adjustments until they are finalised usually within three months after the inventories were delivered.

4. Revenue *(Continued)*

Disaggregated revenue information for revenue from contracts with customers

	Resources Business	
	Six-month period ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Restated)
Type of goods/service		
Sale of iron ores	**1,082,164**	334,861
Sale of coals	**–**	4,146
Freight/shipping services	**43,881**	13,465
Total revenue from contracts with customers	**1,126,045**	352,472
Geographical markets (Note)		
Mainland China	**1,059,955**	324,644
Others	**66,090**	27,828
Total revenue from contracts with customers	**1,126,045**	352,472
Timing of revenue recognition		
Goods transferred at a point in time	**1,082,164**	339,007
Services transferred over time	**43,881**	13,465
Total revenue from contracts with customers	**1,126,045**	352,472

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

5. Profit Before Tax from Continuing Operations

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

	Note	Six-month period ended 30 June **2020** **RMB'000** **(Unaudited)**	 2019 RMB'000 (Unaudited) (Restated)
Cost of inventories sold		**1,115,856**	332,672
Shipping costs		**43,881**	13,465
Net gains on iron ore futures/swap contracts included in cost of sales		**(35,488)**	(7,447)
Depreciation of items of property, plant and equipment		**99**	25
Depreciation of right-of-use assets		**384**	–
Amortisation of other long-term assets included in cost of sales	11	**5,989**	–
Lease payments not included in the measurement of lease liabilities		**614**	582

6. Finance Expense, Net

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

	Six-month period ended 30 June **2020** **RMB'000** **(Unaudited)**	 2019 RMB'000 (Unaudited) (Restated)
Bank interest income	**1,117**	3,080
Interest on bank and other borrowings	**(9,206)**	(4,455)
Guarantee fee	**(1,974)**	–
Net foreign exchange gains	**823**	434
Bank charges	**(818)**	(215)
Interest on lease liabilities	**(103)**	–
Finance expense, net	**(10,161)**	(1,156)

7. Income Tax Expenses

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5%, as appropriate on the estimated assessable profits arising in Hong Kong for the six-month periods ended 30 June 2020 and 2019.

The provision for the PRC corporate income tax ("CIT") is based on the CIT rate applicable to the entities located in or deemed to be operating in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC for the six-month periods ended 30 June 2020 and 2019.

	Six-month period ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Restated)
Current – Hong Kong		
Charge for the period	**1,822**	2,974
Current – Mainland China		
Charge for the period	**–**	167
Total tax charges for the period from continuing operations	**1,822**	3,141

There was no tax charge from the Discontinued Operations for the six-month periods ended 30 June 2020 and 2019.

The Group has no unrecognised tax loss from continuing operations arising from entities operating in Hong Kong as at 30 June 2020 and 31 December 2019. The Group has unrecognised tax losses from continuing operations arising from an entity operating in Mainland China of RMB11,000,000 (31 December 2019: RMB11,000,000) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these tax losses 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.

8. Discontinued Operations

On 31 December 2019, the Company entered into the Sale and Purchase Agreement for the Disposal (Note 1 to the Interim Financial Information). As at 31 December 2019, the Disposal Group was classified as a disposal group held for sale and as Discontinued Operations. The Disposal Group and the iron concentrate business and gabbro-diabase and stone business are no longer included in the Note 3 to the Interim Financial Information for operating segment information. The Disposal had been completed on 30 June 2020 for a total consideration of HK$109,000,000 (equivalent to RMB98,523,000), resulting in a gain on disposal of RMB1,722,000.

(a) The results of the Discontinued Operations for the respective periods are presented below:

	Note	Six-month period ended 30 June	
		2020	2019
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
			(Restated)
Revenue		**1,136**	190
Cost of sales		**(1,136)**	(98)
Other income and gains		**1,565**	304
Selling and distribution costs		**(24)**	(19)
Administrative expenses		**(1,932)**	(7,604)
Impairment losses on prepayments and other receivables		**–**	(6,650)
Impairment losses on other current financial assets		**–**	(750)
Other expenses		**(857)**	(7,888)
Gain on disposal of subsidiaries	18	**1,722**	–
Finance expense, net		**(531)**	(521)
Loss before tax from the Discontinued Operations		**(57)**	(23,036)
Income tax expense		**–**	–
Loss for the period from the Discontinued Operations		**(57)**	(23,036)

8. Discontinued Operations *(Continued)*

(b) Loss for the periods from the Discontinued Operations are arrived at after charging/(crediting):

	Six-month period ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Cost of inventories sold	**1,136**	98
Depreciation of items of property, plant and equipment	**–**	1,871
Depreciation of right-of-use assets	**–**	16
Lease payments not included in the measurement of lease liabilities	**72**	72
(Reversal of write-down of)/write-down of inventories to net realisable value	**(530)**	1,697
Write-back of other payables	**(7,523)**	–
Loss on disposal of items of property, plant and equipment	**156**	–
Estimated possible payments on the outstanding gabbro-diabase resources fee payable	**7,819**	7,776
Gross rental income from leasing of equipment	**(1,214)**	(288)

(c) The net cash flows incurred by the Discontinued Operations are as follows:

	Six-month period ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Operating activities	**3,054**	(643)
Investing activities	**169**	–
Net cash inflows/(outflows)	**3,223**	(643)

8. Discontinued Operations *(Continued)*

(d) Earnings/(loss) per share from the Discontinued Operations

	Six-month period ended 30 June	
	2020 (Unaudited)	2019 (Unaudited) (Restated)
Basic and diluted *(RMB cents)*	**–**	(0.57)

The calculation of basic earnings/(loss) per share from the Discontinued Operations is based on:

	Six-month period ended 30 June	
	2020 (Unaudited)	2019 (Unaudited) (Restated)
Profit/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company from the Discontinued Operations, used in the basic earnings/(loss) per share calculation *(RMB'000)*	**36**	(22,805)
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings/(loss) per share calculation *(thousands of shares)*	**4,000,000**	4,000,000

Diluted earnings/(loss) per share from the Discontinued Operations was the same as the basic earnings/(loss) per share from the Discontinued Operations as the Company had no potentially dilutive ordinary shares in issue during the six-month periods ended 30 June 2020 and 2019.

(e) Commitments – Property, plant and equipment

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contracted, but not provided for	**–**	38,595

8. Discontinued Operations *(Continued)*

(f) Assets and liabilities of the Disposal Group classified as held for sale at 31 December 2019

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

	31 December 2019 RMB'000 (Audited)
Assets	
Property, plant and equipment	185,110
Intangible assets	670
Right-of-use assets	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

9. Dividend

The directors do not recommend the payment of an interim dividend to shareholders for the six-month period ended 30 June 2020 (six-month period ended 30 June 2019: Nil).

10. Earnings/(loss) Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 4,000,000,000 in issue during the six-month periods ended 30 June 2020 and 2019.

The calculation of basic earnings/(loss) per share is based on:

	Six-month period ended 30 June	
	2020 (Unaudited)	2019 (Unaudited) (Restated)
Profit/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation		
From continuing operations *(RMB'000)*	**7,351**	8,320
From the Discontinued Operations *(RMB'000)*	**36**	(22,805)
	7,387	(14,485)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation *(thousands of shares)*	**4,000,000**	4,000,000

Diluted earnings/(loss) per share was the same as the basic earnings/(loss) per share as the Company had no potentially dilutive ordinary shares in issue during the six-month periods ended 30 June 2020 and 2019.

11. Other Long-Term Assets

	Note	RMB'000 (Unaudited)
At 1 January 2020		**125,535**
Amortisation provided	5	**(5,989)**
Exchange realignment		**1,825**
At 30 June 2020		**121,371**

In May 2019, the Company entered into the assignment and novation agreement for 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 then prevailing long term hematite supply agreement will be assigned and novated to the Group (the "Contract"). The assignment and novation agreement had been completed in the second half of 2019. 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.

Based on the business circumstances, the Group has accounted for the Contract as a contract for own-use. In view of the future outputs that will be physically delivered by the supplier and purchased by the Group at discount that the obligations under the Contract will not be net settled in cash, the Contract is treated as a non-current asset which is stated at cost less accumulated amortisation and any impairment loss and is amortised to match with the physical delivery of commodities (i.e. the utilisation by the Group) under the Contract.

During the six-month period ended 30 June 2019, the Group has no addition or disposal of other long-term assets.

12. Trade and Bills Receivables

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables	**6,264**	13,413
Bills receivables	**193,296**	279,441
Total	**199,560**	292,854

The Group's trading terms with its customers generally require deposits or 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. Sales is invoiced and settled in United States Dollar ("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.

As at 30 June 2020, the Group did not had any bills of exchange to a bank with recourse in exchange for cash. At 31 December 2019, the Group transferred a bills of exchange amounting to RMB15,349,000 to a bank with recourse in exchange for cash and the Group exposed to default risk but did not retain any rights on the use of the bills receivables, including the sales, 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 at 31 December 2019. The bills had been collected in the first half of 2020.

As at 30 June 2020 and 31 December 2019, the trade and bills receivables were non-interest-bearing.

12. Trade and Bills Receivables *(Continued)*

Set out below is the measurement of trade and bills receivables of the Group as at 30 June 2020 and 31 December 2019.

	Note	**30 June 2020 RMB'000 (Unaudited)**	31 December 2019 RMB'000 (Audited)
Trade and bills receivables			
– at amortised cost		**215**	42,950
– at fair value through profit or loss	(a)	**199,345**	249,904
Total		**199,560**	292,854

Note:

(a) The Group's trade and bills receivables include provisionally priced receivables relating to sales of iron ore where the iron ore selling prices are determined based on the agreed market pricing formulae taking into account the relevant benchmark prices and indices subject to future QPs that differ from the periods that the inventories are delivered. Under IFRS 9, these provisionally priced receivables are measured at the estimated forward commodity prices for the relevant QPs and amounting to RMB199,345,000 at 30 June 2020 (31 December 2019: RMB249,904,000) and were stated at the fair value.

An ageing analysis of the trade receivables as at the end of the reporting periods, based on the invoice date is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within 3 months	**6,264**	13,413

13. Other Current Financial Assets

Set out below is an overview of other current financial assets of the Group as at 30 June 2020 and 31 December 2019:

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Other current financial assets at fair value through profit or loss			
– Iron ore futures/swap contracts	(a)	**4,421**	16,467
Other current financial assets at amortised cost			
– Deposits and other receivables	(b)	**43,829**	74,081
		48,250	90,548
Impairment allowance	(b)	**(11,000)**	(11,000)
Total		**37,250**	79,548

Notes:

(a) As at 30 June 2020, the Group had aggregate open position of iron ore futures or swap contracts of 195,000 tonnes expiring by the end of August 2020 with a positive contract value of US$625,000 (equivalent to RMB4,421,000 (31 December 2019: 505,000 tonnes expired by the end of February 2020 with a positive contract value of US$2,360,000 (equivalent to RMB16,467,000)) which has been recognised as the financial assets at fair value through profit or loss.

(b) As at 30 June 2020, the balance mainly represented a deposit held by clearing houses of RMB17,603,000 for execution of iron ore futures or swap transactions (31 December 2019: RMB37,670,000) and a trade deposit to a supplier of RMB9,000,000 (31 December 2019: RMB22,000,000), net of an impairment allowance of RMB11,000,000 (31 December 2019: RMB11,000,000).

In a 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 RMB30,000,000 has been repaid to the Group up to 30 June 2020. Amid fragile global economic outlook under the COVID-19 pandemic, this poses a greater risk and difficulty for the outstanding amount of RMB20,000,000 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 recognised an impairment provision of RMB11,000,000 as at 30 June 2020 and 31 December 2019.

14. Trade and Bills Payables

A significant portion of the Group's purchases are settled by letters of credit up to a tenor of 120 days. As at 30 June 2020, the Group's bills payables amounting to RMB214,097,000 (31 December 2019: RMB184,407,000). An ageing analysis of the trade and bills payables as at the end of the reporting periods, based on the invoice date, is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within 3 months	**229,920**	255,751

The Group's trade and bills payables were non-interest bearing as at 30 June 2020 and 31 December 2019.

Set out below is the measurement of trade and bills payables of the Group as at 30 June 2020 and 31 December 2019.

	Note	**30 June 2020 RMB'000 (Unaudited)**	31 December 2019 RMB'000 (Audited)
Trade and bills payables			
– at amortised cost		**1,314**	47,105
– at fair value through profit or loss	(a)	**228,606**	208,646
Total		**229,920**	255,751

Note:

(a) The Group's trade and bills payables include provisionally priced payables relating to purchase of iron ore where the iron ore purchasing prices are determined based on the agreed market pricing formulae taking into account the relevant benchmark prices and indices subject to future QPs that differ from the periods that the inventories are delivered. Under IFRS 9, these provisionally priced payables are measured at the estimated forward commodity prices for the relevant QPs and amounting to RMB228,606,000 at 30 June 2020 (31 December 2019: RMB208,646,000) and were stated at the fair value.

15. Interest-Bearing Bank and Other Borrowings

	Note	30 June 2020 Effective interest rate (%) (Unaudited)	30 June 2020 RMB'000 (Unaudited)	31 December 2019 Effective interest rate (%) (Audited)	31 December 2019 RMB'000 (Audited)
Current					
Bank borrowing secured and repayable on demand		–	–	3.7	223,950
Bank borrowings secured by bills receivables	12	–	–	2.7	15,349
Other borrowing – secured		10.0	32,882	10.0	174,681
Other borrowing – unsecured		–	–	10.0	34,881
Lease liabilities		8.6	746	8.6	696
			33,628		449,557
Non-current					
Other borrowing – secured		6.0	48,286	6.0	70,167
Lease liabilities		8.6	1,118	8.6	1,471
			49,404		71,638
Total			83,032		521,195

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Analysed into:		
Bank borrowings repayable within one year or on demand	–	239,299
Other borrowings repayable:		
Within one year	33,628	210,258
In the second year	49,111	70,936
In the third to fifth year, inclusive	293	702
	83,032	281,896
	83,032	521,195

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

Certain of the Group's bank and other borrowings were secured by:

(i) share charges and corporate guarantee by the Company's shareholders as at 30 June 2020 and 31 December 2019 (Note 19(b) to the Interim Financial Information);

(ii) personal guarantee by the Company's director as at 30 June 2020 and 31 December 2019 (Note 19(b) to the Interim Financial Information); and

(iii) certain of the Group's restricted bank deposits of RMB223,950,000 as at 31 December 2019.

As at 30 June 2020, all the borrowings were denominated in HK$. As at 31 December 2019, except for the unsecured other borrowing and the bank borrowings secured by bills receivables of RMB34,881,000 and RMB15,349,000 respectively, which were denominated in US$, all the borrowings were denominated in HK$.

16. Share Capital

Shares

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK$0.1 each	**1,000,000**	1,000,000
	RMB'000 (Unaudited)	RMB'000 (Audited)
Issued and fully paid:		
4,000,000,000 ordinary shares of HK$0.1 each, totally HK$400,000,000	**331,960**	331,960

17. Share Option Schemes

The Company adopted a new share option scheme (the "New Share Option Scheme") at the annual general meeting held on 12 June 2020 to enable it to grant share options as incentives or rewards to eligible participants for their contribution to the Group. Unless otherwise cancelled or amended, the New Share Option Scheme will remain in force for a period of 10 years commencing from 12 June 2020. No share option has been granted under the New Share Option Scheme during the Reporting Period.

The Company previously adopted a share option scheme on 9 April 2010, and no share option has been granted thereunder since adoption. This share option scheme was terminated with effect from the date of the adoption of the New Share Option Scheme, i.e. 12 June 2020, pursuant to the resolution passed at the aforesaid annual general meeting held on 12 June 2020.

18. Disposal of Subsidiaries

As set out in Note 1 to the Interim Financial Information, the Group disposed the Disposal Group at a cash consideration of HK$109,000,000 (equivalent to RMB98,523,000) on 30 June 2020 and ceased and discontinued the Discontinued Operations.

	RMB'000 (Unaudited)
Net assets disposed of:	
Property, plant and equipment	184,785
Intangible assets	670
Right-of-use assets	874
Inventories	44
Other current financial assets	4,631
Trade receivables	29
Prepayments and other receivables	11,634
Cash and cash equivalents	4,237
Trade payables	(1,084)
Other current financial liabilities	(108,087)
Other payables and accruals	(1,474)
Income tax payable	(3,903)
Other non-current financial liabilities	(500)
Non-controlling interests	4,945
	96,801
Gain on disposal of subsidiaries	1,722
	98,523
Satisfied by:	
Cash	98,523

18. Disposal of Subsidiaries *(Continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	RMB'000 (Unaudited)
Cash consideration	**98,523**
Cash received in 2019	**(896)**
Cash and bank balances disposed of	**(4,237)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**93,390**

19. Related Party Transactions

(a) In addition to the transactions detailed elsewhere in the Interim Financial Information, the Group had the following transactions with related parties during the six-month periods ended 30 June 2020 and 2019:

		Six-month period ended 30 June	
	Notes	**2020 RMB'000 (Unaudited)**	2019 RMB'000 (Unaudited)
Continuing Operations			
Guarantee fee paid to a substantial shareholder of the Company	(i)	**1,974**	–
Purchases of iron ores from an indirect wholly-owned subsidiary of a 30%-controlled company of a substantial shareholder of the Company	(ii)	**–**	27,348

Notes:

(i) A substantial shareholder of the Company (the "Guarantor") has guaranteed and indemnified the obligations of Ace Profit Investment Limited, an indirect wholly-owned subsidiary of the Company, under the Contract mentioned in Note 11 to the Interim Financial Information 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 incurred the guarantee fee of RMB1,974,000 for the six-month period ended 30 June 2020 (six-month period ended 30 June 2019: Nil).

19. Related Party Transactions *(Continued)*

(a) *(Continued)*

Notes: *(Continued)*

(i) *(Continued)*

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.

(ii) 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.

(b) Other transactions with related parties

The Guarantor has also provided a corporate guarantee for an interest-bearing borrowing of the Company of RMB32,882,000 as at 30 June 2020 (31 December 2019: RMB174,681,000) (the "Loan"). The Guarantor and another shareholder of the Company (which is a subsidiary of the Guarantor) have provided share charges as securities for the Loan.

One of the Company's directors provided a personal guarantee over the Loan.

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 at 30 June 2020, the Group had outstanding balance due to a substantial shareholder of the Company of RMB773,000 (31 December 2019: RMB1,706,000). These balances were unsecured, interest-free and repayable on demand. Except as disclosed elsewhere in the Interim Financial Information, there were no material balances with related parties as at 30 June 2020 and 31 December 2019.

19. Related Party Transactions *(Continued)*

(d) Compensation of key management personnel

	Six-month period ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' fees	**359**	456
Salaries, allowances and benefits in kind	**2,204**	2,121
Pension scheme contributions	**16**	16
	2,579	2,593

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 above, there was no significant compensation arrangement to the Group's key management personnel during the six-month periods ended 30 June 2020 and 2019.

20. 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	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)	**30 June 2020 RMB'000 (Unaudited)**	31 December 2019 RMB'000 (Audited)
Financial assets				
Trade and bills receivables at fair value through profit or loss	**199,345**	249,904	**199,345**	249,904
Other current financial assets at fair value through profit or loss	**4,421**	16,467	**4,421**	16,467
	203,766	266,371	**203,766**	266,371
Financial liabilities				
Trade and bills payables at fair value through profit or loss	**228,606**	208,646	**228,606**	208,646
Non-current portion of interest-bearing bank and other borrowings (other than lease liabilities)	**48,286**	70,167	**47,606**	67,098
	276,892	278,813	**276,212**	275,744

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.

20. Fair Value and Fair Value Hierarchy of Financial Instruments *(Continued)*

Fair value *(Continued)*

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:

- 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 Iron Ore Index price, 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.

- The Group enters into derivative financial instruments with various counterparties. Derivative financial instruments, including principally commodities futures or swap contracts, are measured with reference to the commodity's quoted market prices.

- The fair values of the non-current portion of interest-bearing bank and other borrowings (other than lease 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 (other than lease liabilities) as at 30 June 2020 and 31 December 2019 were assessed to be insignificant.

20. Fair Value and Fair Value Hierarchy of Financial Instruments *(Continued)*

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 30 June 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Financial assets:				
Trade and bills receivables	–	199,345	–	199,345
Other current financial assets at fair value through profit or loss	4,421	–	–	4,421
	4,421	199,345	–	203,766
Financial liabilities:				
Trade and bills payables	–	228,606	–	228,606

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
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

20. 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 30 June 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	**Significant observable inputs (Level 2) RMB'000 (Unaudited)**	**Significant unobservable inputs (Level 3) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Financial liabilities:				
Non-current portion of interest-bearing bank and other borrowings (other than lease liabilities)	**–**	**47,606**	**–**	**47,606**

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Financial liabilities:				
Non-current portion of interest-bearing bank and other borrowings (other than lease liabilities)	–	67,098	–	67,098

21. Events after the Reporting Period

With effect from 1 July 2020, the Group changed its presentation and functional currency from RMB to US$ as significant portions of the Group's revenues, expenses and cash flows are denominated in US$ after the completion of the Disposal on 30 June 2020. Such changes are to better reflect and account for the Group's business activities in the transaction currency.

The above changes in functional currency will be accounted for in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The Group will apply the translation procedures applicable to the new functional currency prospectively from the date of the change i.e. 1 July 2020. On the other hand, the Group will also change its presentation currency to US$ in the annual financial statements for the year ending 31 December 2020 in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which requires retrospective application of such change. The comparatives should then be restated and presented in the new presentation currency as if this had always been the Group's presentation currency.

Save as disclosed above and elsewhere in the Interim Financial Information of the Company, there is no other significant event affecting the Group which has occurred since the end of 30 June 2020 and up to the date of approval of the Interim Financial Information.

22. Comparative Amounts

The comparative interim condensed consolidated statement of profit or loss and other comprehensive income has been represented as if the iron concentrate and gabbro-diabase and stone business discontinued at the beginning of the comparative period (Note 8 to the Interim Financial Information).

23. Approval of the Interim Financial Information

The Interim Financial Information were approved and authorised for issue by the board of directors of the Company on 26 August 2020.

Other Information

Corporate Governance Practices

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

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

During the Reporting Period, the Company did not have a chief executive officer and the function was discharged by one of the executive Directors (who was not the chairman of the Board) and the management of the Group collectively.

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

Model Code for Securities Transactions by Directors

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

Changes in Director's Information

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

Name of Director	Details of Changes
Mr. Lee Kwan Hung, Eddie	Retired as an independent non-executive director of Landsea Green Properties Co., Ltd. (formerly known as Landsea Green Group Co., Ltd.) (stock code: 106), a company listed on main board of the Stock Exchange, and at the same time ceased to be a member of its audit committee and nomination committee respectively with effect from 19 June 2020.

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

Other Information

Audit Committee and Review of Interim Results

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

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

As at 30 June 2020, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Schemes

The Company adopted a new share option scheme (the "New Share Option Scheme") at the AGM held on 12 June 2020 to enable it to grant share options as incentives or rewards to eligible participants for their contribution to the Group. Unless otherwise cancelled or amended, the New Share Option Scheme will remain in force for a period of 10 years commencing from 12 June 2020. No share option has been granted under the New Share Option Scheme during the Reporting Period. For further details of the New Share Option Scheme, please refer to the circular of the Company dated 21 April 2020.

The Company previously adopted a share option scheme on 9 April 2010, and no share option has been granted thereunder since adoption. This share option scheme was terminated with effect from the date of the adoption of the New Share Option Scheme, i.e. 12 June 2020, pursuant to the resolution passed at the AGM held on 12 June 2020.

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

Long Position in Shares

As at 30 June 2020, so far as known to any Director or chief executive of the Company, the following parties (other than Directors or chief executive of the Company) had interests in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO:

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

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

Long Position in Shares *(Continued)*

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

Notes:

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

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

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

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

Long Position in Shares *(Continued)*

Notes: *(Continued)*

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

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

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

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

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

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

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

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

Save as disclosed above, the Directors are not aware of any persons who, as at 30 June 2020, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

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

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

Glossary of Terms

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

"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
"Annual Report 2019"	the annual report of the Company for the year ended 31 December 2019
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company"	Newton Resources Ltd, a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange
"Corresponding Prior Period"	the six-month period ended 30 June 2019
"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 prior to the completion of the Disposal
"Disposal Group"	the Disposal Company and its subsidiaries, including, amongst others, Xingye Mining
"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

Glossary of Terms

"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
"MGI"	Mount Gibson Iron Limited, a company incorporated in Australia, the shares of which are listed on the Australian Securities Exchange
"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
"Reporting Period"	the six-month period ended 30 June 2020
"Restated Long Term Hematite Supply Agreement"	the amended and restated Koolan Island long term hematite ore sale agreement entered into by MGI, Koolan, the Company and Ace Profit under a deed of novation, amendment and restatement dated 31 May 2019 among all original parties to the Koolan Island long term ore sale agreement and the Group. Pursuant to the Restated Long Term Hematite Supply Agreement, Koolan shall supply and sell and Ace Profit shall purchase hematite ore to be derived from the Hematite Mine in such annual quantity as equals 80% of Koolan's total available production during each contract year at the agreed market pricing formulae for the period from the effective time of the aforesaid deed of novation, amendment and restatement to the date of permanent cessation of Koolan's mining operations at the Hematite Mine
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase and assignment agreement dated 31 December 2019 entered into between the Company and the purchaser in respect of the Disposal
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

Glossary of Terms

"Share(s)"	existing ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"tonne(s)"	equal to 1,000 kilograms
"US$" or "USD"	the United States dollar, the lawful currency of the US
"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 prior to the completion of the Disposal
"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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1 Connaught Place
Central, Hong Kong

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Corporate Information

Auditor

Ernst & Young
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
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
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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