China Polymetallic Mining Limited
中國多金屬礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2133)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The Board is pleased to announce the unaudited interim condensed financial information of the Group for the six months ended 30 June 2018, together with the comparative information for the corresponding period in 2017 as follows:

FINANCIAL INFORMATION

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*3*	**103,244**	15,715
Cost of sales		**(86,887)**	(12,353)
Gross profit		**16,357**	3,362
Other income and gains	*4*	**5,873**	914
Provisional gain on a bargain purchase		**—**	20,237
Selling and distribution expenses		**(1,573)**	(887)
Administrative expenses		**(10,739)**	(19,652)
Other expenses		**(2,851)**	(2,606)
Finance costs	*5*	**(13,394)**	(14,800)
LOSS BEFORE TAX	*5*	**(6,327)**	(13,432)
Income tax expense	*6*	**(3,313)**	(6,105)
LOSS FOR THE PERIOD		**(9,640)**	(19,537)

	Notes	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Exchange differences on translation of foreign operations		**(196)**	279
Total comprehensive loss for the period		**(9,836)**	(19,258)
Loss attributable to:			
Owners of the Company		**(6,091)**	(18,122)
Non-controlling interests		**(3,549)**	(1,415)
		(9,640)	(19,537)
Total comprehensive loss attributable to:			
Owners of the Company		**(6,287)**	(17,843)
Non-controlling interests		**(3,549)**	(1,415)
		(9,836)	(19,258)
Loss per share attributable to ordinary equity holders of the Company:			
— Basic and diluted	*7*	**RMB(0.002)**	RMB(0.009)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**810,304**	776,653
Investment property	*9*	**7,578**	7,916
Intangible assets	*8*	**1,007,110**	1,007,982
Prepaid land lease payments	*8*	**10,538**	10,673
Payments in advance	*10*	**420,353**	447,601
Prepayments and deposits	*10*	**216,461**	216,362
Deferred tax assets		**63,467**	65,351
Total non-current assets		**2,535,811**	2,532,538
CURRENT ASSETS			
Inventories		**50,162**	42,372
Trade receivables	*11*	**23,167**	9,253
Prepayments, deposits and other receivables	*10*	**18,182**	70,565
Due from a related party		**—**	200
Financial assets at fair value through profit or loss		**—**	6,500
Cash and cash equivalents		**67,976**	18,574
Total current assets		**159,487**	147,464
CURRENT LIABILITIES			
Trade payables	*12*	**8,866**	7,742
Contract liabilities	*3*	**3,600**	442
Other payables and accruals		**176,900**	168,424
Tax payable		**95,045**	93,616
Interest-bearing bank loans	*13*	**448,990**	448,990
Total current liabilities		**733,401**	719,214
NET CURRENT LIABILITIES		**(573,914)**	(571,750)
Total assets less current liabilities		**1,961,897**	1,960,788

	Notes	**30 June 2018** **RMB'000** **(Unaudited)**	31 December 2017 *RMB'000*
NON-CURRENT LIABILITIES			
Other payables		**56,688**	46,549
Provision for rehabilitation		**27,758**	26,952
Deferred tax liabilities		**22,233**	22,233
Total non-current liabilities		**106,679**	95,734
Net assets		**1,855,218**	1,865,054
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*14*	**30**	30
Reserves		**1,608,684**	1,614,971
		1,608,714	1,615,001
Non-controlling interests		**246,504**	250,053
Total equity		**1,855,218**	1,865,054

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company										
	Issued capital	Share premium account	Exchange fluctuation reserve	Reserve funds	Safety fund surplus reserve	Capital contribution reserve	Difference arising from changes in non-controlling interests	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	note 14										
At 1 January 2018	**30**	**1,504,337***	**(578)***	**29,115***	**8,912***	**233,000***	**(4,115)***	**(155,700)***	**1,615,001**	**250,053**	**1,865,054**
Loss for the period	—	—	—	—	—	—	—	(6,091)	(6,091)	(3,549)	(9,640)
Other comprehensive income for the period											
Exchange differences related to foreign operations	—	—	(196)	—	—	—	—	—	(196)	—	(196)
Total comprehensive loss for the period	—	—	(196)	—	—	—	—	(6,091)	(6,287)	(3,549)	(9,836)
Establishment for safety fund surplus reserve	—	—	—	—	317	—	—	(317)	—	—	—
Utilisation of safety fund surplus reserve	—	—	—	—	(448)	—	—	448	—	—	—
At 30 June 2018 (unaudited)	**30**	**1,504,337***	**(774)***	**29,115***	**8,781***	**233,000***	**(4,115)***	**(161,660)***	**1,608,714**	**246,504**	**1,855,218**

	Attributable to owners of the Company											
	Issued capital	Share premium account	Exchange fluctuation reserve	Reserve funds	Safety fund surplus reserve	Capital contribution reserve	Share option reserve	Difference arising from changes in non-controlling interests	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	17	1,314,942	—	29,115	8,794	233,000	36,316	(4,115)	(151,144)	1,466,925	62,344	1,529,269
Loss for the period	—	—	—	—	—	—	—	—	(18,122)	(18,122)	(1,415)	(19,537)
Other comprehensive income for the period												
Exchange differences related to foreign operations	—	—	279	—	—	—	—	—	—	279	—	279
Total comprehensive loss for the period	—	—	279	—	—	—	—	—	(18,122)	(17,843)	(1,415)	(19,258)
Issue of shares	3	70,792	—	—	—	—	—	—	—	70,795	—	70,795
Establishment for safety fund surplus reserve	—	—	—	—	263	—	—	—	(263)	—	—	—
Utilisation of safety fund surplus reserve	—	—	—	—	(214)	—	—	—	214	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	121,835	121,835
At 30 June 2017 (unaudited)	20	1,385,734	279	29,115	8,843	233,000	36,316	(4,115)	(169,315)	1,519,877	182,764	1,702,641

* These reserve accounts comprise the consolidated reserves of RMB1,608,684,000 (31 December 2017: RMB1,614,971,000) in the consolidated statement of financial position.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June	
		2018	2017
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(6,327)**	(13,432)
Adjustments for:			
Finance costs	*5*	**13,394**	14,800
Unrealised foreign exchange loss	*5*	**1,129**	1,400
Bank interest income	*4*	**(150)**	(12)
Interest income from loans to third parties	*4*	**(1,982)**	—
Depreciation of property, plant and equipment	*8*	**16,844**	11,898
Depreciation of an investment property	*9*	**338**	290
Loss on disposal of items of property, plant and equipment	*5*	**95**	—
Provision/(reversal of provision) for impairment loss on other receivables	*5*	**(2,941)**	1,061
Amortisation of intangible assets	*8*	**945**	2,194
Amortisation of prepaid land lease payments	*8*	**135**	—
Provisional gain on a bargain purchase		**—**	(20,237)
		21,480	(2,038)
Increase in trade receivables		**(13,914)**	(2,639)
Increase in inventories		**(7,790)**	(2,793)
Increase in prepayments, deposits and other receivables		**(3,938)**	(1,143)
Increase/(decrease) in trade payables		**1,124**	(331)
Increase in other payables and accruals		**10,966**	7,933
Cash generated from/(used in) operations		**7,928**	(1,011)
Interest received		**150**	12
Net cash flows generated from/(used in) operating activities		**8,078**	(999)

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	**(13,255)**	—
Repayment of loans from third parties	**61,279**	—
Interests received from loans to third parties	**1,982**	—
Proceeds from disposal of financial assets at fair value through profit or loss	**6,500**	—
Increase in payments in advance	—	(26,301)
Acquisition of subsidiaries	—	(6,448)
Expenditures on exploration and evaluation assets	**(264)**	(2,648)
Net cash flows from/(used in) investing activities	**56,242**	(35,397)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	—	70,795
Interest paid	**(15,268)**	(14,441)
Advance from third parties	—	7,883
Net cash flows from/(used in) financing activities	**(15,268)**	64,237
NET INCREASE IN CASH AND CASH EQUIVALENTS	**49,052**	27,841
Cash and cash equivalents at beginning of the period	**18,574**	40,778
Effect of foreign exchange rate changes	**350**	—
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**67,976**	68,619

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2018

1. CORPORATE INFORMATION

China Polymetallic Mining Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is Room 2510, 25/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

During the six months ended 30 June 2018 (the "Period"), the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in mining, ore processing and the sale of lead-silver concentrates and zinc-silver concentrates. There were no significant changes in the nature of the Group's principal activities during the Period.

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

2.1 BASIS OF PREPARATION

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

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

Going concern basis

During the Period, the Group incurred a consolidated net loss of RMB9,640,000 (six months ended 30 June 2017: RMB19,537,000). As at 30 June 2018, the Group had net current liabilities of RMB573,914,000.

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

(a) As at 30 June 2018, the Group's total bank loans amounted to RMB448,990,000, all of which will be due in the second half of 2018. The Group has not been unable to renew its short-term bank loans in the past years. The Group will continue to actively negotiate with the bank for the renewal of its borrowings to secure necessary facilities to meet the Group's working capital and financial requirements.

(b) The Group has budgeted and laid out its business plan for the next twelve months, and seeks to attain profits from the continuance of operational expansion of the Aung Jiujia Mine and GPS JV Mine in Myanmar.

The Group estimates that the above measures would bring about sufficient cash from sales to ensure that the Group will continue as a going concern. At the same time, through the operation of the Group's mines in Myanmar, the Group seeks to secure quality resources of non-ferrous metals to enhance the Group's operation and financial performance.

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

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

The Directors have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors are of the opinion that it is appropriate to prepare the interim condensed financial information of the Group for the six months ended 30 June 2018 on a going concern basis.

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

The Group has actively implemented, or is actively implementing, all the improvement targets outlined above for the purposes of increasing profits and improving the cash flow position of the Group, in order to remove material uncertainties relating to the going concern of the Group for the next twelve months.

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of the following new standards, interpretations and amendments to a number of International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board for the first time for the financial year beginning 1 January 2018.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS 28

The adoption of these amendments to IFRSs has had no significant financial effect on the financial position or performance of the Group except IFRS 15 and IFRS 9.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments using the modified retrospective method for adoption. For the adoption of IFRS 9, the Group has not restated comparative information and has not recognised any transition adjustments against the opening balance of equity at 1 January 2018. For the adoption of IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

The Group has performed an assessment on the impact of the adoption of IFRS 15 and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of equity at 1 January 2018 was recognised. However, as the presentation and disclosure requirements in IFRS 15 are more detailed than those under IAS 18, as required for the condensed interim financial statements, the Group has disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to Note 3 for the disclosure of disaggregated revenue. In addition, upon adoption of IFRS 15, the Group recognised revenue-related contract liabilities for the unsatisfied performance obligation which were previously recognised as “Advances from customers” under “Other payables and accruals (current)”. As such, the consolidated statement of financial position as at 31 December 2017 was restated, resulting in the recognition of contract liabilities (current) amounting to RMB442,000 and a decrease in “Other payables and accruals (current)” amounting to RMB442,000.

IFRS 9 Financial Instruments

The Group has performed an assessment and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of equity at 1 January 2018 was recognised.

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents the net invoiced value of goods sold, net of various types of government surcharges.

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2017 and 30 June 2018 and will be expected to be recognised within one year:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	
Sales of self-produced products	**442**	442
Trading activities	**3,158**	—
Total contract liabilities	**3,600**	442

The Group receives payment from customers in advance prior to delivery of products.

Changes in contract liabilities during the period/year are as follows:

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000*
At the beginning of the year/period	**442**	2,189
Revenue recognised that was included in the contract liabilities at the beginning of the year/period	**—**	(1,972)
Increase due to cash received, excluding amounts recognised as revenue during year/period	**3,158**	225
At the end of the year/period	**3,600**	442

There were no contract assets at the end of each reporting period recognised in the consolidated statement of financial position.

The Group's revenue and contribution to profit were mainly derived from its sale of self-produced lead-silver concentrates and zinc-silver concentrates and trading business, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment.

Information about products and services

The following table sets forth the total revenue from external customers by products and services and the percentage of total revenue by products during the period:

	For the six months ended 30 June			
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Sales of self-produced products:				
Lead-silver concentrates	**34,411**	**33.3**	9,545	60.7
Zinc-silver concentrates	**6,146**	**6.0**	6,170	39.3
Trading activities:				
Lead-silver concentrates	**58,569**	**56.7**	—	—
Zinc-silver concentrates	**2,450**	**2.4**	—	—
Other revenue*	**1,668**	**1.6**	—	—
	103,244	**100.0**	15,715	100.0

* Other revenue consisted of ore processing service fee and mining right leasing income. The mining right of Menghu Company was leased to an independent third party for one year beginning on 1 April 2017 with rental income of RMB1,800,000 per annum.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June			
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Domestic* — Mainland China	**92,732**	**89.8**	15,715	100.0
Overseas — Myanmar	**10,512**	**10.2**	—	—
	103,244	**100.0**	15,715	100.0

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

(b) Non-current assets

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	
Mainland China	**1,440,123**	1,461,272
Myanmar*	**1,032,221**	997,964
	2,472,344	2,459,236

* The amount includes the payments in advance in respect of acquisition of subsidiaries amounting to RMB383,877,000 (note 10) (31 December 2017: RMB383,877,000) and acquisition of non-controlling interest in a subsidiary amounting to RMB17,000,000 (note 10) (31 December 2017: RMB17,000,000).

Information about major customers

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**80,896**	Nil
Customer B	*****	3,124
Customer C	**Nil**	10,785

* Less than 10%.

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**150**	12
Reversal of provision for impairment loss of other receivables	**2,941**	—
Interest income from loans to third parties	**1,982**	—
Rental income from investment property	**440**	400
Others	**360**	502
	5,873	914

5. LOSS BEFORE TAX

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

	Notes	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Cost of inventories sold		**86,887**	12,353
Interest on bank loans		**11,327**	13,094
Interest on Third Parties Advances (as defined in note 9)		**1,261**	958
Unwinding of discount		**806**	748
Finance costs		**13,394**	14,800
Staff costs (including directors' and chief executive's remuneration):			
Wages and salaries and relevant benefits		**7,761**	5,312
Pension scheme contributions — Defined contribution fund		**190**	188
		7,951	5,500
Depreciation of items of property, plant and equipment	*8*	**16,844**	11,898
Depreciation of an investment property	*9*	**338**	290
Amortisation of intangible assets ^	*8*	**945**	2,194
Amortisation of prepaid land lease payments ^	*8*	**135**	—
Depreciation and amortisation		**18,262**	14,382
Provision for impairment loss on trade receivables		**—**	1,061
Reversal of provision for impairment loss on other receivables	*10*	**(2,941)**	—
Auditors' remuneration		**700**	1,300
Foreign exchange losses		**1,129**	1,400
Operating lease rentals		**694**	324
Loss on disposal of items of property, plant and equipment		**95**	—

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

6. INCOME TAX

The major components of income tax expense were as follows:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — Myanmar	**1,429**	—
Deferred	**1,884**	6,105
	3,313	6,105

Notes:

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(b) No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period.

(c) Pursuant to the income tax rules and regulations in Myanmar, the Group's subsidiaries located in Myanmar are liable to Myanmar corporate income tax at a rate of 25% on the assessable profits generated for the Period, except GPS Joint Venture Company Limited which has been exempted from Myanmar corporate income tax for the first five years since March 2014 by the Myanmar Investment Commission.

(d) The subsidiaries located in Mainland China are liable to PRC corporate income tax at a rate of 25% on the assessable profits generated for the Period.

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

The calculation of loss per share is based on the loss attributable to owners of the Company for the Period of RMB6,091,000 (six months ended 30 June 2017: RMB18,122,000), and the number of ordinary shares of 3,579,777,000 (six months ended 30 June 2017: weighted average number of ordinary shares of 2,066,106,000) in issue during the Period.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2018.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2017 in respect of a dilution as the exercise price of the Company's outstanding share options was higher than the average market price for the Company's shares during the six months ended 30 June 2017.

8. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND PREPAID LAND LEASE PAYMENTS

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

	Property, plant and equipment *RMB'000* **(Unaudited)** *(note (a))*	**Intangible assets** *RMB'000* **(Unaudited)** *(note (b))*	**Prepaid land lease payments** *RMB'000* **(Unaudited)** *(note (c))*
Carrying amounts at 1 January 2018	**776,653**	**1,007,982**	**10,673**
Additions	**50,671**	**264**	—
Disposals	**(111)**	—	—
Depreciation/amortisation charged for the Period *(note 5)*	**(16,844)**	**(945)**	**(135)**
Exchange realignment	**(65)**	**(191)**	—
Carrying amounts at 30 June 2018	**810,304**	**1,007,110**	**10,538**

Notes:

(a) As at 30 June 2018, the Group was in the customary process of obtaining the relevant building ownership certificates ("BOCs") for the Group's plant, which was erected on the land where the Group was still in the process of applying for the land use rights certificate, with a net carrying amount of RMB6,905,000 (31 December 2017: RMB7,120,000). The Group's plant can only be sold, transferred or mortgaged when the relevant BOCs have been obtained.

As at 30 June 2018, the Group's property, plant and machinery with a total net carrying amount of RMB57,017,000 (31 December 2017: RMB60,547,000) were pledged to secure certain bank loans granted to the Group (note 13(a)).

(b) As at 30 June 2018, the Group's intangible assets with a net carrying amount of approximately RMB61,849,000 (31 December 2017: RMB61,849,000) were pledged to secure certain bank loans granted to the Group (note 13(a)).

(c) As at 30 June 2018, the Group's prepaid land lease payments with a net carrying amount of approximately RMB10,538,000 (31 December 2017: RMB10,673,000) were pledged to secure certain bank loans granted to the Group (note 13(a)).

9. INVESTMENT PROPERTY

	30 June 2018 *RMB'000* **(Unaudited)**
Cost	11,933
Accumulated depreciation	(4,355)
Net carrying amount	7,578
Opening carrying book amount	7,916
Depreciation provided during the Period *(note 5)*	(338)
Closing net carrying amount	7,578

As at 30 June 2018, the fair value of the investment property was estimated to be approximately RMB11,311,000 (31 December 2017: RMB11,311,000) based on the valuation performed by Sichuan Gongchengxin Real Estate and Land Appraisal Company Limited, independent professionally qualified valuers. Selection criteria of the external valuer include market knowledge, reputation, independence and whether professional standards are maintained. The valuation was determined using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. The fair value measurement hierarchy of the investment property requires a certain significant unobservable input (Level 3).

The investment property is leased to a third party under an operating lease.

As at 30 June 2018, the Group's investment property with a net carrying amount of RMB7,578,000 (31 December 2017: RMB7,916,000) was pledged to independent third parties for interest-bearing advances granted to the Group ("Third Parties Advances"). As at 30 June 2018, Third Party Advances totalled RMB16,500,000 (31 December 2017: RMB16,500,000) and bear interest at fixed rate of 12% per annum. The Third Parties Advances as at 30 June 2018 and 31 December 2017 were included in "Current liabilities — other payables and accruals" in the consolidated statement of financial position.

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

	Notes	**30 June 2018** **RMB'000** **(Unaudited)**	31 December 2017 *RMB'000*
Current portion:			
Prepayments in respect of:			
— purchase of inventories		**6,967**	1,595
— professional fees		**4,155**	557
— prepaid land lease payments to be amortised within one year		**270**	270
— others		**4,374**	3,317
— deposits		**825**	934
Loans receivable	*(a)*	**—**	62,693
Rental receivables		**487**	143
Prepaid expenses		**88**	117
Other receivables in respect of:			
— transfer from trade receivables	*(b)*	**43,991**	46,932
— staff advances		**1,016**	939
		62,173	117,497
Impairment	*(b)*	**(43,991)**	(46,932)
		18,182	70,565
Non-current portion:			
Payments in advance in respect of:			
— prepaid land lease payments		**11,883**	11,883
— mining infrastructure	*(c)*	**7,890**	35,138
— acquisition of subsidiaries	*(d)*	**383,877**	383,877
— acquisition of non-controlling interest in a subsidiary	*(e)*	**17,000**	17,000
Impairment		**(297)**	(297)
		420,353	447,601
Prepayments in respect of purchase of inventories	*(f)*	**214,165**	214,165
Deposit in respect of:			
— environment rehabilitation		**1,170**	1,170
— others		**1,126**	1,027
		216,461	216,362
		654,996	734,528

Notes:

(a) Pursuant to a resolution of the Board dated 16 October 2017, the Group made a term of six months interest-bearing loans to three independent third parties (collectively, the "Borrowers") in an aggregated amount of HK$75,000,000 (equivalent to approximately RMB62,693,000). These loans bore fixed interest rate per annum, due for collection in April 2018 and were guaranteed by an independent third party company (the "Guarantor").

The Group has fully collected the principal and interests due in May 2018.

(b) Pursuant to a restructuring arrangement executed by the owner of the Group's customer, namely Ruili Yuxiang Industrial Co., Ltd. ("Yuxiang"), in January 2016, the Group entered into a debtor transfer agreement with Yuxiang and another entity controlled by the owner of Yuxiang on 20 January 2016. As a result, the trade receivable balance with Yuxiang of RMB46,932,000, and the corresponding impairment provision of RMB10,883,000 recognised in 2015, were transferred to other receivables.

However, the transferred balance has not been collected according to the agreed repayment terms in 2016 as a result of the weak market condition. As such, the Group had made an additional impairment provision of RMB36,049,000 as at 31 December 2016. Despite such provision and longer-than-expected repayment period, the Group has initiated necessary actions to recover the receivable in part or in full. During the Period, the Group collected RMB2,941,000 and the related impairment provision was reversed accordingly.

(c) The balance represents the prepayment for mining infrastructure of construction in GPS JV Mine.

(d) Prepayments of RMB383,877,000 made to independent third parties (the "Sellers") in respect of proposed acquisitions of the entire equity interest in six domestic companies of Myanmar pursuant to six framework agreements of equity transfer entered into between the Group and the Sellers on 17 December 2016.

(e) Prepayments of RMB17,000,000 made to Ms. OHN MAR WIN ("Ms. OHN") in respect of the proposed further acquisition of a 9% equity interest in Harbor Star pursuant to a framework agreement of equity transfer entered into between the Group and Ms. OHN on 26 December 2016.

(f) The balances represent prepayments made to Xiangcaopo Mining, an independent third party supplier of tungsten and tin ores. Mr. Li Jincheng, the sole owner of Xiangcaopo Mining, entered into an equity pledge agreement with the Group in June 2011, pursuant to which Mr. Li Jincheng pledged his entire equity interests in Xiangcaopo Mining to the Group as security for the future delivery of the ores.

11. TRADE RECEIVABLES

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000*
Trade receivables	**57,618**	43,704
Impairment	**(34,451)**	(34,451)
	23,167	9,253

The Group granted a credit term of one to three months to its customers. In view of the fact that the Group sells all of its products to a small number of customers, there is a high level of concentration of credit risk. The Group seeks to maintain strict control over the settlement of its outstanding receivables and has a credit control department to minimise credit risk. The Group does not hold any collateral or other credit enhancements over trade receivables. Trade receivables are non-interest-bearing and unsecured.

An aged analysis of the trade receivables (net of impairment) as at 30 June 2018 and 31 December 2017, based on the delivery date, is as follows:

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000*
Within 3 months	**21,239**	8,996
6 to 9 months	**1,928**	257
	23,167	9,253

No movement in provision for impairment of trade receivables during the Period.

The ageing analysis of the trade receivables, that are not individually nor collectively considered to be impaired, is as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	
Neither past due nor impaired	**21,239**	8,996
4 to 6 months past due	**1,928**	257
	23,167	9,253

Except for the above provisions, the Directors are of the opinion that no further provision for impairment is necessary as the balances are still considered fully recoverable based on the recent credit reviews conducted by management.

12. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2018 and 31 December 2017, based on the invoice date, is as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	
Within 1 month	**1,730**	1,987
1 to 2 months	**1,658**	132
2 to 3 months	**1,942**	1,007
Over 3 months	**3,536**	4,616
	8,866	7,742

Trade payables are non-interest-bearing and are normally settled on terms of 4 months to 12 months.

13. INTEREST-BEARING BANK LOANS

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	
Repayable within one year:		
Bank loans:		
Secured and guaranteed	**448,990**	448,990
Effective interest rate	**4.35%-4.75%**	4.35%-4.75%

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

As at 30 June 2018, the Group's bank loans are secured by:

(a) Mortgages over the following assets:

	Net book amount as at 30 June 2018
	RMB'000
Property, plant and equipment *(note 8(a))*	57,017
Intangible assets *(note 8(b))*	61,849
Prepaid land lease payments *(note 8(c))*	10,538

(b) Pledges of equity interests in the following subsidiaries of the Group:

(i) 99% of equity interest in Kunrun;

(ii) 90% of equity interest in Dakuangshan Company;

(iii) 90% of equity interest in Liziping Company; and

(iv) 90% of equity interest in Menghu Company.

In addition, the bank loans are guaranteed by Mr. Ran Xiaochuan, who is the Company's former executive director and retired on 6 June 2017, for nil consideration.

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

14. ISSUED CAPITAL

Shares

	30 June 2018 *RMB'000* **(unaudited)**	31 December 2017 *RMB'000*
Authorised:		
38,000,000,000 (31 December 2017: 38,000,000,000) ordinary shares of HK$0.00001 each	**342**	342
Issued and fully paid:		
3,579,777,000 (31 December 2017: 3,579,777,000) ordinary shares of HK$0.00001 each	**30**	30

15. DIVIDENDS

At a meeting of the Board of Directors held on 24 July 2018, the Directors resolved not to pay interim dividends for the Period to shareholders (six months ended 30 June 2017: Nil).

16. COMMITMENTS

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

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000*
Contracted, but not provided for:		
— Exploration and evaluation assets	**524**	524
— Property, plant and equipment	**1,251**	1,505
— Acquisition of subsidiaries	**4,000**	4,000
	5,775	6,029

17. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Fees	**1,567**	877
Basic salaries and other benefits	**554**	1,061
Pension scheme contributions	**5**	10
	2,126	1,948

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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

19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the Board on 24 July 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2018, although the competition between major powers and the intensification of the strategic game and the heightened global trade protectionism have exacerbated the fluctuations in the global economy and financial markets, the economic growth in major economies remained stable. There has been some relaxation in the geopolitical situation of Northeast Asia, and the global economy continued to maintain a stable and comprehensive recovery. In terms of the domestic situation, continued improvement and stability ensured in the economic development of China. There were increase in domestic demands with a rebound in investment growth, the fiscal revenue increased steadily, the international balance of payments tended to be balanced and the economic structure has been improved. In addition, benefiting from the growing demand and supply constraints, the average selling price of most international bulk commodities, including our products, lead, zinc and silver rebound continuously during the period, which provide a favourable environment for our operations.

The Belt and Road Initiative has brought new opportunities to the development of China's non-ferrous metals industry. The year 2018 is the 40th anniversary of China's reform and opening up, China continues to attach great importance to deepening reform, opening up, and actively advocating the Belt and Road Initiative, laying a solid foundation for the nonferrous metals industry to overcome the bottleneck of resource and environment constraints, increase resource reserves, and optimize industrial layout. Myanmar is rich in mineral resources and has relatively lower mining costs, while China has the strength in terms of technology and capital. The two countries have complementary advantages in the field of mineral resources, which contributes to the common goal of a mutually beneficial and a win-win situation for common development. The further development of friendly relations between China and Myanmar has contributed to the long-term development of the Group's business in Myanmar.

On the other hand, due to China's domestic capacity-removing policies, increasingly stringent environmental protection policies, and continuous upgrading and transformation of requirements of local governments, the mining cost in the non-ferrous metals industry has risen and is subject to certain restrictions. Meanwhile, the mineral resources sector of Myanmar is experiencing a vigorous development with the acceleration of the country's political and economic reform process, and has great advantages in terms of mining costs and resource reserves. Furthermore, the Myanmar government issued a revised Myanmar Mining Law in 2018 to attract foreign investors, which further improved the foreign investors' business environment from the policy and legal perspective.

The Group owns some high-quality mines in Myanmar, and with the continuous improvement of Myanmar's legal system and business environment, the management of the Group will continue to enhance investment in our business in Myanmar, attaching great importance to the development and management of mines in Myanmar and strengthen the communication and cooperation with the Myanmar local government. It is believed that by virtue of the continuous development of the Group's Myanmar business, reasonable returns will be brought to the shareholders of the Company.

OPERATING MINE — AUNG JIUJIA MINE

Mineral resources and reserves of Aung Jiujia Mine

Aung Jiujia Mine is a lead-zinc mine located at Depanbing Village, Ruian County, Shan State, Myanmar. The mining permit of the Aung Jiujia Mine covers an area of 0.2 sq. km.

Harbor Star has engaged a qualified geological survey team based in China, an independent third party exploration entity, to conduct exploration at Aung Jiujia Mine in June 2014. A report of the geological exploration conducted at Aung Jiujia Mine was issued in April 2015. Based on the report, a summary of the estimated resources of the Aung Jiujia Mine as at 30 June 2018 in accordance with the Chinese Standard is as follows:

	Metal Resources		**Grade**	
	Lead	**Zinc**	**Lead**	**Zinc**
	(kt)	*(kt)*	*(%)*	*(%)*
Indicated	324.5	63.9	14.5	2.8
Inferred	393.0	77.4	13.1	2.6

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

Exploration, Development and Mining Activities of Aung Jiujia Mine

I) Exploration Activities

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

II) Development Activities

During the Period, we continued to carry out the open pit mining construction project in Aung Jiujia Mine and a layered mining working platform of around 120 meters in length and around 20 meters in width has been built up and a medium-large sized open pit is gradually formed. In addition, the underground tunnel development project with the depth of 70 meters below is also in process.

At the same time, we have successfully completed the construction of an additional 1,000 tpd processing plant which has come into commercial production. The production capacity of the processing plant of Aung Jiujia Mine has increased significantly.

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

III) Mining and processing activities

The following table summarises the mining and processing results of Aung Jiujia Mine during the Period and the corresponding period of 2017:

			Six months ended 30 June	
	Items	**Unit**	**2018**	**2017**
ROM Ore	**Mined**	kt	**67.1**	8.4
	Processed	kt	**66.5**	12.4
Feed Grade	**Lead**	%	**3.4**	4.5
	Silver	g/t	**4.9**	17.0
Recovery	**Lead**	%	**80.2**	82.0
	Silver in lead concentrate	%	**72.0**	32.0
Concentrate Grade	**Lead**	%	**59.1**	62.0
	Silver in lead concentrate	g/t	**86.5**	91.0
Concentrate Tonnes	**Lead-silver concentrate**	t	**3,068**	738
Metal Contained in Concentrate	**Lead**	t	**1,813**	458
	Silver in lead concentrate	kg	**235**	67

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

Exploration, Development and Mining Cost of Aung Jiujia Mine

Expenses of exploration, development and mining activities of Aung Jiujia Mine during the Period and the corresponding period of 2017 are set out below:

	Six months ended 30 June	
	2018	2017
	RMB million	*RMB million*
Exploration activities	**—**	—
Development activities		
Mining infrastructure	**4.1**	0.4
Processing plant and equipment	**40.5**	—
	44.6	0.4
Mining activities		
Subcontracting fee	**2.0**	1.6
Administrative and other costs	**3.3**	0.2
Production taxes and royalties	**0.9**	0.5
	6.2	2.3
Total	**50.8**	2.7

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

OPERATING MINE — GPS JV MINE

Mineral resources and reserves of GPS JV Mine

GPS JV Mine is a lead-sliver polymetallic mine located in Bawsaing Track, Kalaw Township, Southern Shan State, Myanmar, and covers an area of 2 sq. km.

GPS Joint Venture Company Limited has engaged a qualified geological survey team based in China, an independent third party exploration entity, to conduct exploration at GPS JV Mine in December 2014. A report of the geological exploration conducted at the GPS JV Mine was issued in December 2014. Based on the report, a summary of the estimated resources of the GPS JV Mine as at 30 June 2018 in accordance with the Chinese Standard is as follows:

	Metal Resources	**Grade**
	Lead	**Lead**
	(kt)	*(%)*
Indicated	357.8	9.4
Inferred	1,377.9	8.9

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

Exploration, Development and Mining Activities of GPS JV Mine

I) Exploration Activities

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

II) Development Activities

During the Period, we continued the mining operations at Bamushan and Xiandao mining zones in the GPS JV Mine and commenced the mining operation at Jiabao mining zone, therefore the mining production scale has been expanded progressively at the relevant mining zones. In the meantime, the Group is actively exploring other mining zones with resource potential and commercial viability.

In addition, we are undergoing a gravity separation process line construction project at the processing plant of the GPS JV Mine, which is expected to be completed and come into production before the year end of 2018.

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

III) Mining and processing activities

The following table summarises the mining and processing results of GPS JV Mine during the Period and the corresponding period of 2017:

			Six months ended 30 June	
	Items	Unit	**2018**	2017
ROM Ore	Mined	kt	**9.2**	—
	Processed	kt	**29.7**	—
Feed Grade	Lead	%	**2.2**	—
	Silver	g/t	**25.0**	—
Recovery	Lead	%	**80.0**	—
	Silver in lead concentrate	%	**76.0**	—
Concentrate Grade	Lead	%	**57.9**	—
	Silver in lead concentrate	g/t	**625.0**	—
Concentrate Tonnes	Lead-silver concentrate	t	**903**	—
Metal Contained in Concentrate	Lead	t	**523**	—
	Silver in lead concentrate	kg	**564**	—

Note:

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

(ii) GPS JV Mine has not come into operation in the corresponding period of 2017.

Exploration, Development and Mining Cost of GPS JV Mine

Expenses of exploration, development and mining activities of GPS JV Mine during the Period and the corresponding period of 2017 are set out below:

	Six months ended 30 June	
	2018	2017
	RMB million	*RMB million*
Exploration activities	**—**	—
Development activities		
Mining infrastructure	**—**	—
Mining activities		
Subcontracting fee	**0.2**	—
Maintenance and others	**0.6**	—
Administrative and other costs	**0.3**	—
Production taxes and royalties	**0.3**	—
	1.4	—
Total	**1.4**	—

Note:

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

(ii) GPS JV Mine has not come into operation in the corresponding period of 2017.

OPERATING MINE — DAKUANGSHAN MINE

Mineral resources and reserves of Dakuangshan Mine

Dakuangshan Mine is a lead-zinc-silver polymetallic mine located at Yingjiang County of Yunnan Province, and approximately 100 km. away from the Shizishan Mine. The mining permit of the Dakuangshan Mine covers an area of 1.56 sq. km. Based on the geologist report issued by the Sichuan Province Geological Group（四川省地質工程集團）dated 11 April 2012, a summary of the estimated resources of Dakuangshan Mine as at 30 June 2018 in accordance with the Chinese Standard is as follows:

	Metal Resources			Grade		
	Lead	**Zinc**	**Silver**	**Lead**	**Zinc**	**Silver**
	(kt)	*(kt)*	*(t)*	*(%)*	*(%)*	*(g/t)*
Indicated+Inferred	114.0	220.0	210.7	2.7	5.2	54.2

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

Exploration, Development and Mining Activities of Dakuangshan Mine

I) Exploration Activities

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

II) Development Activities

During the Period, we have completed the underground production enhancement construction work in Dakuangshan Mine with another mining level located at 1,470 metre in height, and its mining capacity has been further increased for another 300 tpd. The new mining level has gradually come into commercial production.

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

III) Mining and processing activities

The following table summarises the mining and processing results of Dakuangshan Mine during the Period and the corresponding period of 2017:

	Items	Unit	Six months ended 30 June 2018	2017
ROM Ore	Mined	kt	**31.7**	29.4
	Processed	kt	**26.6**	23.0
Feed Grade	Lead	%	**0.8**	1.2
	Zinc	%	**1.8**	3.1
	Silver	g/t	**11.7**	21.3
Recovery	Lead	%	**71.5**	80.9
	Zinc	%	**81.2**	81.6
	Silver in lead concentrate	%	**72.6**	70.5
	Silver in zinc concentrate	%	**3.3**	8.9
Concentrate Grade	Lead	%	**55.8**	47.5
	Zinc	%	**44.1**	43.7
	Silver in lead concentrate	g/t	**701.2**	722.0
	Silver in zinc concentrate	g/t	**40.4**	62.0
Concentrate Tonnes	Lead-silver concentrate	t	**274**	478
	ZInc-Silver concentrate	t	**883**	1,348
Metal Contained in Concentrate	Lead	t	**153**	227
	Zinc	t	**389**	588
	Silver in lead concentrate	kg	**225**	345
	Silver in zinc concentrate	kg	**10**	27

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

Exploration, Development and Mining Cost of Dakuangshan Mine

Expenses of exploration, development and mining activities of Dakuangshan Mine during the Period and the corresponding period of 2017 are set out below:

	Six months ended 30 June	
	2018	2017
	RMB million	*RMB million*
Exploration activities	**—**	—
Development activities		
Mining infrastructure	**1.3**	1.0
Tailing storage facilities	**0.1**	0.1
	1.4	1.1
Mining activities		
Subcontracting fee	**2.2**	1.8
Materials cost	**0.2**	0.3
Electricity and water	**0.3**	0.2
Maintenance and others	**0.6**	0.6
Administrative and other costs	**0.3**	0.3
Production taxes and royalties	**1.6**	1.3
	5.2	4.5
Total	**6.6**	5.6

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

OPERATING MINE — SHIZISHAN MINE

Mineral resources and reserves of Shizishan Mine

Shizishan Mine is a lead-zinc-silver underground polymetallic mine located at Yingjiang County of Yunnan Province. Shizishan Mine located at the southern extension of the Hengduan Mountain Range and along the north-south stretching secondary ridge of the western part of Gaoligong Mountains in western Yunnan with the undulating terrain as well as in the vicinity of the Binlang River. According to the report of resource and estimation on Shizishan Mine as disclosed in the "Competent Person's Report" set out in Appendix V to the Prospectus, a summary of the estimated resources and reserves of Shizishan Mine under the JORC Code as at 30 June 2018 is set out below:

The Shizishan Mine — JORC Mineral Resources as at 30 June 2018

Mineral Resource at 0.5% Pb Cut Off

Class	**Quantity** *(t)*	**Pb** *(%)*	**Zn** *(%)*	**Ag** *(g/t)*	**Pb metal** *(t)*	**Zn metal** *(t)*	**Ag metal** *(t)*
Measured	1,212,760	10.9	6.6	271.0	193,736	104,089	546
Indicated	6,398,000	9.0	5.9	250.0	575,200	378,500	1,600
Inferred	516,000	7.7	4.8	247.0	39,600	24,500	100
Total	8,126,760	9.4	6.0	276.0	808,536	507,089	2,246

The Shizishan Mine — JORC Ore Reserves Estimates as at 30 June 2018

Class	**Quantity** *(t)*	**Pb** *(%)*	**Zn** *(%)*	**Ag** *(g/t)*	**Pb metal** *(t)*	**Zn metal** *(t)*	**Ag metal** *(t)*
Proved	1,092,760	10.0	6.1	251.0	161,337	84,489	446
Probable	5,713,000	9.0	5.9	250.0	514,500	336,900	1,400
Total	6,805,760	9.3	5.9	250.0	675,837	421,389	1,846

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

Exploration, Development and Mining Activities of Shizishan Mine

I) Exploration Activities

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

II) Development Activities

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

Since 2017, we continued to clear and reinforce the damaged tunnels of Shizishan Mine and resumed pumping water from the tunnels. In September 2017, we started to carry out the drainage tunnel works. During the Period, we continued the drainage tunnel works. As at 30 June 2018, the tunnel construction works amounted to 425 meters in length and the construction works amounted to 2,550 m^3.

Meanwhile, the processing plant of Shizishan Mine has also progressively carried out the subcontracting processing services for the raw ores of the surrounding mines.

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

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

III) Mining and processing activities

The following table summarises the mining and processing results of Shizishan Mine during the Period and the corresponding period of 2017:

			Six months ended 30 June	
	Items	**Unit**	**2018**	2017
ROM Ore	Processed	kt	**13.4**	—
Feed Grade	Lead	%	**3.3**	—
	Zinc	%	**7.7**	—
	Silver	g/t	**44.2**	—
Recovery	Lead	%	**86.9**	—
	Zinc	%	**81.0**	—
	Silver in lead concentrate	%	**55.2**	—
	Silver in zinc concentrate	%	**14.6**	—
Concentrate Grade	Lead	%	**55.9**	—
	Zinc	%	**45.3**	—
	Silver in lead concentrate	g/t	**482.9**	—
	Silver in zinc concentrate	g/t	**46.9**	—
Concentrate Tonnes	Lead-silver concentrate	t	**687**	—
	Zinc-silver concentrate	t	**1,845**	—
Metal Contained in Concentrate	Lead	t	**384**	—
	Zinc	t	**836**	—
	Silver in lead concentrate	kg	**327**	—
	Silver in zinc concentrate	kg	**87**	—

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

Exploration, Development and Mining Cost of Shizishan Mine

Expenses of exploration, development and mining activities of Shizishan Mine during the Period and the corresponding period of 2017 are set out below:

	Six months ended 30 June	
	2018	2017
	RMB million	*RMB million*
Exploration activities	**—**	—
Development activities		
Mining infrastructure	**—**	—
Tailing storage facilities	**0.1**	—
	0.1	—
Mining activities	**—**	—
Total	**0.1**	—

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

OPERATING MINE — MENGHU MINE

Mineral resources and reserves of Menghu Mine

Menghu Mine is a lead-zinc polymetallic mine located at Mengla County of Yunnan Province. The mining permit of the Menghu Mine covers an area of 0.4 sq. km.

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

	Metal Resources		**Grade**	
	Lead *(kt)*	**Zinc** *(kt)*	**Lead** *(%)*	**Zinc** *(%)*
Indicated and inferred	31.8	18.3	13.8	7.8

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

Exploration, Development and Mining Activities of Menghu Mine

I) Exploration Activities

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

II) Development Activities

During the Period, we continued to maintain small scale sub-contract mining works and carry out infrastructure construction work of roadway support and rectification of tracks and others at Menghu Mine in accordance with the requirements of upgrading and transformation of mines imposed by the local government.

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

III) Mining and processing activities

The following table summarises the mining results of Menghu Mine during the Period and the corresponding period of 2017:

			Six months ended 30 June	
	Items	**Unit**	**2018**	2017
ROM Ore	Mined	kt	**0.8**	—
Grade	Lead	%	**30**	—
	Zinc	%	**8.5**	—

Note:

(i) Figures for ROM Ore and feed grade are rounded to nearest one decimal place and these figures may show apparent addition errors;

(ii) Mengu Mine has not come into operation in the corresponding period of 2017.

Exploration, Development and Mining Cost of Menghu Mine

No material expenses of exploration, development and mining activities of Menghu Mine were incurred during the Period (six months ended 30 June 2017: Nil).

OTHER MINES

Liziping Mine

Liziping Mine is a lead-zinc-silver polymetallic mine located at Lanping County of Yunnan Province and approximately 700 km. away from Shizishan Mine. The exploration permit of Liziping Mine covers an area of 13.87 sq. km.

Liziping Company engaged the Northwest Sichuan Geological Survey Team of the Sichuan Bureau of Geological Exploration of Mineral Resources (四川省地質礦產勘查開發局川西北地質隊), an independent third party exploration entity, to conduct exploration at the Liziping Mine in July 2011. Prior to the acquisition, an area of approximately 4 sq. km. had been explored and a geologist report based on such exploration activities was issued on 12 May 2012. Based on the report, a summary of the estimated resources of the Liziping Mine as at 30 June 2018 in accordance with the Chinese Standard in the aforesaid report is as follows:

	Metal Resources				**Grade**			
	Lead	**Zinc**	**Copper**	**Silver**	**Lead**	**Zinc**	**Copper**	**Silver**
	(kt)	*(kt)*	*(kt)*	*(t)*	*(%)*	*(%)*	*(kt)*	*(g/t)*
Indicated	23.1	41.5	7.7	120.6	3.8	4.8	1.0	123.4
Inferred	73.5	99.8	18.5	276.7	12.5	2.9	0.8	278.8

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

The application process of mining permit pertaining to the first mining area of approximately 4 sq. km. of Liziping Mine is still undergoing whereby we are waiting for the approval from the county-level environmental protection department and the county-level land and resources bureau.

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

No material capital expenditures were incurred for Liziping Mine during the Period (six months ended 30 June 2017: Nil).

Dazhupeng Mine

Dazhupeng Mine is a lead-zinc-silver polymetallic mine located at Yingjiang County of Yunnan Province.

During the Period, we have successfully obtained the approval for the renewal of exploration permit of Dazhupeng Mine from the county-level government department, and will continue to apply for the approval from the state-level government department, and thereafter, we will apply for the final approval from the Department of Land and Resources of Yunnan Province, the PRC.

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

No material capital expenditures were incurred for Dazhupeng Mine during the Period (six months ended 30 June 2017: Nil).

Lushan Mine

Lushan Mine is a tungsten-tin polymetallic mine. The Group entered into an exclusive ore supply agreement with the Xiangcaopo Mining and its owner, Mr. Li Jincheng on 31 December 2010.

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

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

No material capital expenditures were incurred for Lushan Mine during the Period (six months ended 30 June 2017: Nil).

Mineral ores trading

During the Period, the Group, riding on the upward trend of the mining sector, continued to actively promote the mineral ores trading business, expanded its sale channels and enlarged the operation scale, with a view to increase the income of the Group and create new momentum for the Group's growth. The commencement of trading business is one of the strategic moves by the Group, which can enlarge the Group's market share and enhance its economy of scale as well as strengthen our sales bargaining power in negotiating commercial terms with the customers. Since the mineral ores trading business is an essential part of the Group's long-term strategy and given the rapid growth of its business in Myanmar, the Group will endeavor to cautiously select and develop trading partners, prudently and flexibly adjust production and marketing strategy to actively promote the further development of the trading business.

FINANCIAL REVIEW

Revenue

During the Period, the Group's revenue was approximately RMB103.2 million (six months ended 30 June 2017: RMB15.7 million), primarily from the sales of lead-silver concentrates and zinc-silver concentrates. As compared to the corresponding period of 2017, revenue increased by approximately RMB87.5 million or approximately 557%, which was mainly due to: (i) increase in scale of operations in trading business which we commenced trading of lead and zinc metals in China since the second half of 2017 and continued in the first half of 2018; (ii) substantial increase in sales volume of our self produced products as a result of our gradual commercial production of Aung Jiujia Mine and GPS JV Mine in the first half of 2018; and (iii) the average selling price of lead-silver concentrates and zinc-silver concentrates being higher by RMB2,062 per ton and RMB817 per ton during the Period, respectively, compared to the first half of 2017.

Cost of sales

During the Period, the cost of sales was approximately RMB86.9 million (six months ended 30 June 2017: RMB12.4 million). As compared to the corresponding period of 2017, cost of sales increased by RMB74.5 million or 600%, which was primarily due to the increase in scale of operations of our production and trading businesses.

Gross profit and gross profit ratio

The Group recorded a gross profit ratio of 15.8% during the Period as compared to gross profit ratio of 21.4% during the corresponding period of 2017. The decrease in overall gross profit margin was mainly due to increase in scale of operations in trading business.

Other income and gains

During the Period, the other income and gains were approximately RMB5.9 million (six months ended 30 June 2017: RMB0.9 million), primarily comprising (i) reversal of provision for impairment losses of other receivables as the Group collected RMB2.9 million and the related impairment provision was reversed accordingly (six months ended 30 June 2017: provision of impairment loss of RMB1.1 million); (ii) interest income from loans to third parties of RMB2.0 million (six months ended 30 June 2017: Nil); (iii) the rental income of RMB0.4 million from the Group's building located in Chengdu (six months ended 30 June 2017: RMB0.4 million); and (iv) a compensation for mining infrastructure of RMB0.3 million (six months ended 30 June 2017: RMB0.5 million).

Administrative expenses

During the Period, administrative expenses were approximately RMB10.7 million (six months ended 30 June 2017: RMB19.7 million), primarily comprising staff costs, professional consulting fees, depreciation, office administrative fees and other expenses. As compared to the corresponding period of 2017, administrative expenses decreased by RMB9.0 million or approximately 45.7%, primarily due to (i) a decrease in plant suspension cost resulting from the decrease in staff cost of the production department and depreciation expense of production equipment; and (ii) a decrease in consultation expenses due to the termination of several consultation services.

Finance costs

During the Period, the finance costs were approximately RMB13.4 million (six months ended 30 June 2017: RMB14.8 million). As compared to the corresponding period of 2017, finance costs decreased by RMB1.4 million, primarily due to (i) a decrease in bank interest of RMB0.8 million granted by Ping An Bank; (ii) the non-occurrence of an bank interest overdue penalty of RMB1.0 million happened in the corresponding period of 2017; and (iii) an increase of RMB0.3 million in interests paid to third parties for the loan granted by them to the Group.

Income tax credit/(expense)

During the Period, the income tax expense was approximately RMB3.3 million (income tax expense for the six months ended 30 June 2017: RMB6.1 million).

Interim dividend

On 24 July 2018, the Board resolved not to recommend declaring any interim dividend for the Period to the Company's shareholders (2017: no interim dividend and no final dividend).

Significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets

During the Period, there were no significant investments held by the Company, nor were there any material acquisition or disposals of subsidiaries or associated companies. Apart from those disclosed in this announcement, there was no plan authorized by the Board for other material investments or additions of capital assets at the date of this announcement.

Liquidity and capital resources

The following table sets out the information in relation to our Group's consolidated statement of cash flows during the Period and the six months ended 30 June 2017:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Net cash flow generated from/(used in) operating activities	**8,078**	(999)
Net cash flow generated from/(used in) investing activities	**56,242**	(35,397)
Net cash flow generated from/(used in) financing activities	**(15,268)**	64,237
Net increase in cash and cash equivalents	**49,052**	27,841

Net cash flow generated from operating activities

During the Period, the net cash flow generated from operating activities was RMB8.1 million (net cash flow used for the six months ended 30 June 2017: RMB1.0 million). The RMB6.3 million loss was adjusted by (i) the bank interest income and interest income from loans to third parties of RMB 2.1 million; (ii) the reversal for provision of impairment on trade receivables of RMB2.9 million; and (iii) an increase in trade receivables, inventories, prepayments, deposits and other receivables of RMB25.6 million, which was offset by (i) interest expenses from bank and other loans of RMB11.3 million; (ii) non-cash expenses including, unrealised foreign exchange loss, depreciation, amortization, loss on disposal of items of property, plant and equipment of RMB21.6 million; and (iii) an increase in trade payables, other payables and accruals of RMB12.1 million.

Net cash flow generated from investing activities

The net cash flow generated from investing activities was approximately RMB56.2 million, which was due to (i) repayments of loans principle and interests from third parties of RMB63.3 million; and (ii) the proceeds from disposal of financial assets at fair value through profit or loss of RMB6.5 million, which was partially offset by (i) the purchase of items of property, plant and equipment of RMB13.3 million; and (ii) expenditures on exploration and evaluation totalling to RMB0.3 million.

Net cash flow used in financing activities

The net cash flow used in financing activities was approximately RMB15.3 million, which was due to the payment of interest for bank loan from Ping An Bank.

Inventories

Inventories increased by approximately RMB7.8 million, or 18.4% from approximately RMB42.4 million as at 31 December 2017 to approximately RMB50.2 million as at 30 June 2018. The increase was primarily due to an increase in raw materials and lead and zinc concentrates as a result of the production commencement of Aung Jiujia Mine and the increase in the production of Dakuangshan Mine.

Trade receivables

Trade receivables increased from approximately RMB9.3 million as at 31 December 2017 to approximately RMB23.2 million as at 30 June 2018, primarily due to the increase in sale of operation of our production and trading businesses during the Period.

Payment in advance, prepayment, deposits and other receivables

The Group's payment in advance, prepayment, deposits and other receivables decreased by RMB79.5 million from RMB734.5 million as at 31 December 2017 to RMB655.0 million as at 30 June 2018, primarily due to (i) a decrease in payment in advance by RMB 27.2 million as a result of the completion of the second phase project of mineral processing plant in Harbor Star; and (ii) the repayment of the short term loans by third parties in the aggregate sum of HKD75 million (equivalent to RMB62.7 million at 31 December 2017) from the third parties, which was partially offset by (i) the prepayment for financial consulting fee of RMB 3.6 million; and (ii) the prepayment for the purchase of inventories of RMB 5.4 million.

Trade and other payables

The balance of trade and other payables increased by RMB22.9 million from approximately RMB223.2 million as at 31 December 2017 to approximately RMB246.1 million as at 30 June 2018, primarily due to (i) tax other than income tax were increased by RMB9 million which was mainly due to the increase of revenue during the Period; (ii) an increase in advance from customer accounting to RMB2.2 million; (iii) the balance of payable relating to the second phase project of mineral processing plant in Harbour Star was increased by RMB10.5 million; and (iv) trade payable were increased by RMB1.1 million.

Net current assets position/(liabilities) position

The Group's net current liabilities as at 30 June 2018 was RMB573.9 million as compared to the net current liabilities of RMB571.8 million as at 31 December 2017, primarily due to (i) increases in cash and cash equivalents amounting to RMB49.4 million; (ii) decreases in trade receivables, prepayments, deposits and other receivables aggregated to RMB38.5 million; (iii) an increase in inventories of RMB7.8 million; and (iv) decreases in financial assets at fair value through profit or loss amounting to RMB6.5 million. The increases in current assets were offset by increases in trade payables, other payables and accruals, and tax payables totaling RMB14.2 million.

Borrowings

There was no change of the balance in the Group's bank and other loans as at 30 June 2018 of RMB449 million as compared to the balance as at 31 December 2017.

Contingent liabilities

As at 30 June 2018, the Group did not have any outstanding material contingent liabilities or guarantees.

Foreign currency risk

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

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

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

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

Interest rate risk

Our revenue and operating cash flow shall not be affected significantly by the interest rate in the market. Other than cash and cash equivalents, the Group does not have any material interest-bearing assets. It manages the interest rate exposure arising from our interest-bearing loans through the use of fixed interest rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

Charge on assets

Other than those disclosed in this announcement, none of the Group's assets was pledged as at 30 June 2018.

Contractual obligations

As at 30 June 2018, the Group's contractual obligations amounted to approximately RMB5.8 million, decreased by RMB0.2 million as compared to approximately RMB6 million as at 31 December 2017. The decrease was primarily due to the construction or improvement work of flotation production line project engaged by Dakuangshan Company.

Capital expenditure

During the Period, capital expenditures of the Group primarily due to expenditures on exploration and evaluation assets. The aggregated amount of capital expenditure of the Group during the Period was RMB13.3 million.

Financial instruments

During the Period, the Group did not have any outstanding hedge contract or financial derivative instrument.

Gearing ratio

Gearing ratio is calculated by net debt divided by total equity plus net debt. Net debt refers to the interest-bearing bank and other loans, net of cash and bank balances, excluding liabilities incurred for working capital purpose. Equity includes equity attributable to the owners of the Company and non-controlling interests. As at 30 June 2018 and 31 December 2017, the Group's gearing ratio was as follows:

	2018.6.30	2017.12.31
	RMB'000	*RMB'000*
Interest-bearing bank and other loans	**448,990**	448,990
Less: cash and cash equivalents	**67,976**	(18,574)
Net debt	**381,014**	430,416
Total equity	**1,855,218**	1,865,054
Total equity and net debt	**2,236,232**	2,295,470
Gearing ratio	**17.0%**	18.8%

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

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

Going concern basis

During the Period, the Group incurred a consolidated net loss of RMB9,640,000 (six months ended 30 June 2017: RMB19,537,000). As at 30 June 2018, the Group had net current liabilities of RMB573,914,000.

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

(a) As at 30 June 2018, the Group's total bank loans amounted to RMB448,990,000, all of which will be due in the second half of 2018. The Group has not been unable to renew its short-term bank loans in the past years. The Group will continue to actively negotiate with the bank for the renewal of its borrowings to secure necessary facilities to meet the Group's working capital and financial requirements.

(b) The Group has budgeted and laid out its business plan for the next twelve months, and seeks to attain profits from the continuance of operational expansion of the Aung Jiujia Mine and GPS JV Mine in Myanmar.

    The Group estimates that the above measures would bring about sufficient cash from sales to ensure that the Group will continue as a going concern. At the same time, through the operation of the Group's mines in Myanmar, the Group seeks to secure quality resources of non-ferrous metals to enhance the Group's operation and financial performance.

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

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

The Directors have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors are of the opinion that it is appropriate to prepare the interim condensed financial information of the Group for the six months ended 30 June 2018 on a going concern basis.

Use of proceeds from the share placing

Up to 30 June 2018, we utilized the net proceeds raised from the share placing in May 2017 in accordance with the designated uses set out in the placing agreement as follows:

Description	**Amount designated in the placing agreement Total** *HK$ Million*	**Utilised (Up to 30 June 2018)** *HK$ Million*
Proceeds from the share placing		
— to repay a part of the financial facilities provided by Ping An Bank to the Group	44.11	44.11
— to develop newly acquired mines in Myanmar	26.47	26.47
— Working capital and other general operating expenses	9.62	9.62
Total	80.20	80.20

Use of proceeds from the rights issue

Up to 30 June 2018, we utilised the net proceeds raised from rights issue in accordance with the designated uses set out in the prospectus dated 8 September 2017 as follows:

Description	**Amount designated in the prospectus dated 8 September 2017 Total** *HK$ Million*	**Utilised (up to 30 June 2018)** *HK$ Million*
Proceeds from the rights issue		
— to repay the outstanding balance under the banking facilities granted by Ping An Bank to the subsidiaries of the Company	135.2	66.9
— for general working capital of the Group including but not limited to covering the administrative and operating expenses of the Hong Kong office	5.1	5.1
Total	140.3	72

Employee and remuneration policy

As at 30 June 2018, the Group had a total of 214 full-time employees (31 December 2017: 136 employees) in PRC, Myanmar and Hong Kong, including 63 management and administrative staff, 131 production staff and 20 operations support staff. During the Period, staff costs (including Directors' remuneration in the form of salaries and other benefits) were approximately RMB8.0 million, representing a increase of RMB2.5 million or 45% as compared to the staff costs of RMB5.5 million for the corresponding period of 2017. This was primarily due to streamlining of staff. Based on individual performance, a competitive remuneration package, which includes salaries, medical insurance, discretionary bonuses, other benefits as well as state-managed retirement benefit schemes for employees in the PRC, is offered to retain elite employees. The dedication and hard work of the Group's staff during the Period are generally appreciated and recognised.

Occupational Health and Safety

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

Environmental Protection and Land Rehabilitation

No environmental claims, lawsuits, penalties or administrative sanctions were reported to management during the Period. We are of the view that we were in compliance with all relevant PRC and Myanmar laws and regulations, regarding environmental protection and land rehabilitation in all material respects during the Period and as at the date of this announcement. The Group has also adopted and implemented the environmental policies on a standard which is not less stringent than the prevailing environmental laws and regulations of the PRC and Myanmar. As at 30 June 2018, the Group has accrued a provision of RMB20.2 million, RMB0.8 million, RMB0.9 million, RMB1.9 million and RMB3.9 million for the rehabilitation of the Shizishan Mine, the Dakuangshan Mine, the Menghu Mine, the Aung Jiujia Mine and the GPS JV Mine, respectively.

Strategy and Outlook

The Group seeks to build a large-scale, profitable polymetallic mining company that maximises the return to the Shareholders, provides a rewarding environment for employees and places a maximum focus on health, safety and environmental issues.

The Group also strives continuously to enhance the quality and effectiveness of its operations, the management, and the control systems operated within the business.

Corporate Governance Practice

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

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

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

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all members of the Board complied with the Model Code throughout the Period.

The Company has also established the "Employees Written Guidelines" on terms no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the Period.

Directors' Interests in Transactions, Arrangements and Contracts

As at 30 June 2018, none of the Directors had a material interest, either directly or indirectly, in any transactions, arrangements and contracts of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Period.

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

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

Audit Committee

The Audit Committee has its written terms of reference adopted in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises two independent non-executive directors and one non-executive director.

The Audit Committee is responsible for making recommendations to the Board for the appointment and removal of external auditors, reviewing financial statements and advising on the significant issues on financial reporting as well as monitoring the risk management and internal control procedures of the Company. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2018.

Publication of Information on HKEx's Website and the Company's Website

This interim results announcement is published on the websites of HKEx (www.hkexnews.hk) and the Company (www.chinapolymetallic.com), and the interim report of the Company for the six months ended 30 June 2018 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the same websites in due course.

Forward looking statements

Performance and results of the operations of the Company for previous periods described within this announcement are historical in nature. Past performance is no guarantee of the future results of the Company. This report may contain forward-looking statements and opinions, and therefore risks and uncertainties are involved. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. None of the Company, the Directors, employees or agents assumes (a) any obligation to correct or update any forward-looking statements or opinions contained in this report; and (b) any liability arising from any forward-looking statements or opinions that do not materialise or prove to be incorrect.

Glossary

"**Audit Committee**"	the audit committee of the Board
"**Aung Jiujia Mine**"	a lead-zinc mine to which the Harbor Star owns the mining rights
"**Ag**"	the chemical symbol for silver
"**Board**"	the board of Directors
"**CG Code**"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules, as amended from time to time
"**China**" or "**PRC**" or "**Mainland China**"	the People's Republic of China, which for the purpose of this announcement and unless the context suggests otherwise, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"**Company**"	China Polymetallic Mining Limited (中國多金屬礦業有限公司), a limited liability company incorporated under the laws of the Cayman Islands on 30 November 2009
"**Chinese Standard**"	the PRC classification of solid mineral resources and reserves (中國固體礦產資源／儲備分類標準)
"**Companies Law**"	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

"**Competent Person's Report**"	the Competent Person's Report, dated 25 November 2011, prepared by Runge Asia Limited, trading as Minarco-MineConsult with respect to the independent technical review and assessment of the Shizishan Mine; under such report, Minarco reviewed the geological and exploration information, completed a mineral resource and ore reserve estimation in compliance with the recommendations of the JORC Code, and reviewed and commented on the appropriateness of the planned mining methods and mine design, potential production profiles, forecast operating and capital expenditure, short and long term development plans, and environmental and social setting, for the Shizishan Mine, which was disclosed as appendix V to the Prospectus
"**Dakuangshan Company**"	Mang City Xindi Mining Company Limited (芒市鑫地礦業有限責任公司), a subsidiary of the Company whose registered office is at Mang City, Yunnan Province, the PRC
"**Dakuangshan Mine**"	a lead-zinc-silver polymetallic mine to which the Dakuangshan Company owns the mining right
"**Dazhupeng Mine**"	a lead-zinc-silver polymetallic mine located in Yingjiang County, Yunnan Province, the PRC, with respect to which we hold an exploration permit
"**Director(s)**"	director(s) of the Company
"**g/t**"	grams per tonne
"**GPS JV Mine**"	a lead-silver mine to which GPS Joint Venture Company Limited owns the mining rights and the exploration rights
"**Group**"	the Company and its subsidiaries
"**Harbor Star**"	Harbor Star Mining Company Limited, a subsidiary of the Company whose registered office is at Ruian County, Shan State, Myanmar

“**HK$**”	Hong Kong dollar(s), the lawful currency of Hong Kong
“**Hong Kong**”	the Hong Kong Special Administrative Region of the People’s Republic of China
“**Hong Kong Stock Exchange**” or “**HKSE**”	The Stock Exchange of Hong Kong Limited
“**IFRS**”	International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board (the “IASB”) and the International Accounting Standards (the “IAS”) and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect
“**IPO**”	the initial public offering and listing of shares of the Company on the main board of Hong Kong Stock Exchange on 14 December 2011
“**JORC**”	the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy
“**JORC Code**”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition), as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy and used to determine resources and reserves, as amended from time to time
“**kg**”	kilogram(s)
“**km**”	kilometre(s), a metric unit measure of distance
“**kt**”	thousand tonnes
“**Kunrun**”	Yingjiang County Kunrun Industry Company Limited (盈江縣昆潤實業有限公司), a subsidiary of the Company whose registered office is at Yingjiang County, Yunnan Province, the PRC

"**Listing**"	the listing of our shares on the Hong Kong Stock Exchange
"**Listing Date**"	14 December 2011
"**Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"**Liziping Company**"	Nujiang Shengjia Chengxin Industrial Company Ltd. (怒江州聖佳誠信實業有限公司), a subsidiary of the Company whose registered office is at Lanping County, Yunnan Province, the PRC
"**Liziping Mine**"	a lead-zinc-silver polymetallic mine to which the Liziping Company owns the exploration right
"**Lushan Mine**"	a tungsten-tin polymetallic ore mine located in Yingjiang County, Yunnan Province, the PRC, operated by Xiangcaopo Mining, an independent third party
"**Menghu Company**"	Meng La Chen Feng Mining Development Company Limited (勐腊縣宸豐礦業開發有限公司), a subsidiary of the Company whose registered office is at Mengla County, Yunnan Province, the PRC
"**Menghu Mine**"	a lead-zinc polymetallic mine to which the Menghu Company owns the mining right
"**mineral resource(s)**" or "**resource(s)**"	a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction, as defined in the JORC Code. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into "inferred," "indicated," and "measured" categories

“**Model Code**”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“**ore reserve(s)**” or “**reserve(s)**”	the economically mineable part of a measured and/or indicated mineral resource, as defined by the JORC Code. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore reserves are subdivided, in order of increasing geological confidence, into probable reserves and proved reserves
“**Pb**”	the chemical symbol for lead
“**Period**”	six months ended 30 June 2018
“**Prospectus**”	the prospectus of the Company dated 2 December 2011 and issued in connection with the IPO
“**RMB**”	the lawful currency of the PRC
“**Shareholder(s)**”	shareholder(s) of the Company
“**Shizishan Mine**”	a lead-zinc-silver polymetallic mine located in Yingjiang County, Yunnan Province, the PRC, and operated by Kunrun
“**sq.km.**”	square kilometre
“**t**”	tonne
“**tpd**”	tonnes per day
“**US$**” of “**USD**”	United States dollar(s), the lawful currency of the US

"**Xiangcaopo Mining**"	Yunnan Xiangcaopo Mining Co., Ltd, a limited liability company in the PRC, currently wholly owned by Mr. Li Jincheng, an independent third party
"**Yunnan Harbor Star**"	Yunnan Harbor Star Mining Limited (雲南港星礦業有限公司), a subsidiary of the Company whose registered office is at Kunming, Yunnan Province, the PRC
"**Zn**"	the chemical symbol for zinc
"**%**"	per cent.

Note: The English names of the PRC entities mentioned hereabove are translated from their Chinese names. If there are any inconsistencies, the Chinese names shall prevail.

On behalf of the Board
China Polymetallic Mining Limited
Lei Dejun
Executive Director

Hong Kong, 24 July 2018

As at the date of this announcement, the Board comprises Mr. Lei Dejun as executive Director; Mr. Yin Bo, Mr. Chan Suk Ching and Mr. Zhang Yonghua as non-executive Directors; and Mr. Ma Shirong, Mr. Chi Hongji and Mr. Dong Tao as independent non-executive Directors.