中国多金属矿业
CHINA POLYMETALLIC MINING

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 AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Board announces the audited consolidated results of the Group together with the comparative information for the year ended 31 December 2018, which have been prepared in accordance with the IFRS as below.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
REVENUE	*4*	**195,012**	113,294
Cost of sales		**(150,455)**	(100,662)
Gross profit		**44,557**	12,632
Other income and gains	*5*	**15,299**	2,589
Gain on a bargain purchase		—	88,369
Selling and distribution expenses		**(5,650)**	(1,363)
Administrative expenses		**(37,386)**	(36,069)
Impairment loss on property, plant and equipment		—	(44,468)
Impairment loss on intangible assets		—	(17,000)
Impairment loss on prepaid land lease payments		—	(835)
Impairment loss on payments in advance		—	(297)
Other expenses		**(6,434)**	(7,291)
Finance costs		**(21,110)**	(30,775)
LOSS BEFORE TAX	*6*	**(10,724)**	(34,508)
Income tax expense	*7*	**(5,440)**	(8,558)
LOSS FOR THE YEAR		**(16,164)**	(43,066)

	Notes	**2018**	2017
		RMB'000	*RMB'000*
OTHER COMPREHENSIVE LOSS:			
Other comprehensive loss that may be reclassified to profit or loss in subsequent years:			
Exchange differences on translation of foreign operations		**(3,151)**	(578)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(19,315)**	(43,644)
Loss attributable to:			
Owners of the Company		**(8,639)**	(40,754)
Non-controlling interests		**(7,525)**	(2,312)
		(16,164)	(43,066)
Total comprehensive loss attributable to:			
Owners of the Company		**(11,089)**	(41,332)
Non-controlling interests		**(8,226)**	(2,312)
		(19,315)	(43,644)
Loss per share attributable to ordinary equity holders of the Company:			
— Basic and diluted	*8*	**RMB(0.002)**	RMB(0.016)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**809,901**	776,653
Investment property		**7,239**	7,916
Intangible assets	10	**992,162**	1,007,982
Prepaid land lease payments		**10,403**	10,673
Payments in advance	11	**414,188**	447,601
Prepayments and deposits		**216,919**	216,362
Deferred tax assets		**61,636**	65,351
Total non-current assets		**2,512,448**	2,532,538
CURRENT ASSETS			
Inventories		**35,979**	42,372
Trade receivables	12	**3,536**	9,253
Prepayments, deposits and other receivables	13	**29,758**	70,565
Due from a related party		**—**	200
Available-for-sale investments		**—**	6,500
Cash and cash equivalents		**4,502**	18,574
Total current assets		**73,775**	147,464
CURRENT LIABILITIES			
Trade payables	14	**12,586**	7,742
Contract liabilities		**4,960**	—
Other payables and accruals		**169,478**	168,866
Tax payable		**95,341**	93,616
Interest-bearing bank loans	15	**66,520**	448,990
Total current liabilities		**348,885**	719,214
NET CURRENT LIABILITIES		**(275,110)**	(571,750)
Total assets less current liabilities		**2,237,338**	1,960,788

	2018	2017
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Other payables	**40,983**	46,549
Interest-bearing bank loans	**297,932**	—
Provision for rehabilitation	**30,224**	26,952
Deferred tax liability	**22,233**	22,233
Total non-current liabilities	**391,372**	95,734
Net assets	**1,845,966**	1,865,054
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**30**	30
Reserves	**1,609,369**	1,614,971
	1,609,399	1,615,001
Non-controlling interests	**236,567**	250,053
Total equity	**1,845,966**	1,865,054

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(10,724)**	(34,508)
Adjustments for:		
Finance costs	**21,110**	30,773
Unrealised foreign exchange losses/(gains)	**(316)**	1,594
Bank interest income	**(151)**	(135)
Interest income from loans to third parties	**(1,982)**	(947)
Depreciation of property, plant and equipment	**33,130**	31,536
Depreciation of an investment property	**677**	484
Impairment losses recognised	**677**	63,661
Loss on disposal of items of property, plant and equipment	**71**	32
Amortisation of intangible assets	**11,173**	16,542
Amortisation of prepaid land lease payments	**270**	292
Reversal of a loss allowance on other receivables	**(2,941)**	—
Income on waiver of debts by other payables	**(8,515)**	—
Gain on a bargain purchase	**—**	(88,369)
	42,479	20,955
Decrease/(increase) in trade receivables	**4,940**	(9,253)
Decrease/(increase) in inventories	**6,393**	(17,246)
Increase in prepayments, deposits, and other receivables	**(6,984)**	(1,296)
Decrease in an amount due from a related party	**200**	—
Increase/(decrease) in trade payables	**4,844**	(4,385)
Increase in contract liabilities	**4,960**	—
Increase/(decrease) in other payables and accruals	**9,988**	(213)
Cash generated from/(used in) operations	**66,820**	(11,438)
Interest received	**151**	135
Net cash flows generated from/(used in) operating activities	**66,971**	(11,303)

	2018	2017
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	**(34,111)**	(19,724)
Advance of loans to third parties	**(13,300)**	(63,743)
Repayment of loans from third parties	**62,693**	—
Purchase of available-for-sale investments	**—**	(6,500)
Proceeds from disposal of financial assets at fair value through profit or loss	**6,500**	—
Interests received from loans to third parties	**1,982**	947
Proceeds from disposal of items of property, plant and equipment	**79**	—
Acquisition of a subsidiary	**—**	(6,448)
Expenditures on exploration and evaluation assets	**(240)**	(1,789)
Net cash flows generated from/(used in) investing activities	**23,603**	(97,257)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**—**	193,056
Share issue expenses	**—**	(3,648)
Interest paid	**(20,424)**	(32,095)
Proceeds from bank loans	**—**	468,990
Repayment of bank loans	**(80,000)**	(525,182)
Transaction costs on the renewal of bank loans	**(4,538)**	—
Repayment of advances to a related party	**—**	(14,996)
Net cash flows generated from/(used in) financing activities	**(104,962)**	86,125
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(14,388)**	**(22,435)**
Cash and cash equivalents at beginning of year	**18,574**	40,778
Effect of foreign exchange rate changes	**316**	231
CASH AND CASH EQUIVALENTS AT END OF YEAR	**4,502**	18,574

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE AND GROUP 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, No.39 Gloucester Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in mining, ore processing, the sale of lead-silver concentrates and zinc-silver concentrates and trading of commodities.

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 ("**BVI**"), is in a position to exercise significant influence over the Company.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"), and International Accounting Standards ("**IASs**") and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

During the year ended 31 December 2018, the Group incurred a consolidated net loss of RMB16,164,000 (2017: RMB43,066,000) and had net cash flows generated from operating activities of RMB66,971,000 (2017: net cash flows used in operating activities RMB11,303,000). As at 31 December 2018, the Group had net current liabilities of RMB275,110,000 (2017: RMB571,750,000).

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 has implemented or is in the process of implementing the following measures:

(a) The Group has reached agreements with the bank to extend the payment term of its short-term bank loans. As at 31 December 2018, the Group's total bank loans amounted to RMB364,452,000, of which RMB66,520,000 and RMB297,932,000 will be due within twelve months from 31 December 2018 and in April 2020, respectively. The Directors have evaluated all the relevant facts available to them and are of the opinion that the Group is improving creditability with the bank by generating positive cash inflow from its operations during the year ended 31 December 2018. Meanwhile, the Group is actively exploring the availability of alternative sources of financing.

(b) The Group has budgeted and laid out its business plan for the next twelve months, and seeks to attain profits and general positive cash flows from the expansion the operation at Aung 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 consolidated financial statements of the Group for the year ended 31 December 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 consolidated financial statements.

The Audit Committee of the board of Directors (the "**Board**") has confirmed that it has objectively and critically reviewed the measures mentioned above. The Audit Committee of the Board and the Board have confidence in the Group's management and concurred with management's view that the Group's business plan for the next twelve months is feasible and achievable.

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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2018. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 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

Other than as explained below regarding the impact of IFRS 9, IFRS 15 and the amendments to IFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

Further information about IFRS 9 and IFRS 15 applied by the Group is described below:

(a) IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances of equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

Classification and measurement

The following information sets out the impacts of adopting IFRS 9 consolidated on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("**ECLs**").

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2018 is as follows:

		IAS39 measurement				IFRS9 measurement	
		Category	Amount	Re-classification	ECL	Amount	Category
	Notes		*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Financial assets							
Trade receivables	*(i)*	L&R[1]	9,253	—	(882)	8,371	AC[2]
Financial assets included in prepayments, deposits and other receivables		L&R	62,693	—	—	62,693	AC
Due from a related party		L&R	200	—	—	200	AC
Available-for-sale investments	*(ii)*	AFS[3]	6,500	(6,500)	—	—	N/A
To: Financial assets at fair value through profit or loss	*(ii)*		—	(6,500)	—	—	
Financial assets at fair value through profit or loss	(ii)	N/A	—	6,500	—	6,500	FVPL[4]
From: Available-for-sale investments	*(ii)*		—	6,500	—	—	
Cash and cash equivalents		L&R	18,574	—	—	18,574	AC
			97,220	—	(882)	96,338	
Other assets							
Deferred tax assets			65,351	—	—	65,351	
Total assets			2,680,002	—	(882)	2,679,120	
Financial liabilities							
Trade payables		AC	7,742	—	—	7,742	AC
Other payables and accruals		AC	168,866	—	—	168,866	AC
Interest-bearing bank and other loans		AC	448,990	—	—	448,990	AC
Other payables		AC	46,549	—	—	46,549	AC
		AC	672,147	—	—	672,147	
Other liabilities							
Deferred tax liabilities			22,233	—	—	22,233	
Total liabilities			814,948	—	—	814,948	

1. L&R: Loans and receivables
2. AC: Financial assets or financial liabilities at amortised cost
3. AFS: Available-for-sale investments
4. FVPL: Financial assets at fair value through profit or loss

Notes:

(i) The Group has remeasured the carrying amount of the trade receivables based on the ECL allowance.

(ii) The Group has elected the option to irrevocably designate certain of its previous wealth management products as financial assets at fair value through profit or loss.

Impairment

The following table reconciles the aggregate opening impairment allowances under IAS 39 to the ECL allowances under IFRS 9. Further details are disclosed in note 12.

	Impairment allowances under IAS 39 at 31 December 2017	Re-measurement	ECL allowances under IFRS 9 at 1 January 2018
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	34,451	882	35,333

Impact on accumulated losses

The impact of transition to IFRS 9 on accumulated losses is as follows:

	RMB'000
Balance as at 31 December 2017 under IAS 39	(155,700)
Recognition of expected credit losses for trade receivables under IFRS 9	(882)
Balance as at 1 January 2018 under IFRS 9	(156,582)

(b) IFRS 15 and its amendments replace IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 4.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of IFRS 15 was recognised as an adjustment to the opening balance of accumulated losses as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and related interpretations.

There was no financial impact of the transition to IFRS 15 on the Group's accumulated losses at 1 January 2018. However, 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)". Accordingly, upon adoption of IFRS 15, "Contract liabilities" were increased by RMB442,000 and "Advances from customers" included in "Other payables and accruals (current)" were decreased by RMB442,000 at the date of initial application of IFRS 15 (1 January 2018).

4. REVENUE AND OPERATING SEGMENT INFORMATION

Entity-wide disclosures

(a) An analysis of revenue is as follows:

	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers	**190,717**	—
Sales of goods	—	45,642
Trading activities	—	64,452
Rendering of processing services	—	1,984
Revenue from other sources		
Gross rental income	**4,295**	1,216
	195,012	113,294

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018

	RMB'000
Type of goods or services	
Sales of lead-silver concentrates	**97,320**
Sales of zinc-silver concentrates	**9,861**
Sales of raw ores	**2,209**
Trading activities	**77,344**
Rendering of processing services	**3,983**
Total revenue from contracts with customers	**190,717**
Geographical markets	
Domestic* — Mainland China	**162,621**
Overseas — Myanmar	**28,096**
Total revenue from contracts with customers	**190,717**

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

Timing of revenue recognition	
Goods transferred at a point in time	**186,734**
Services transferred over time	**3,983**
Total revenue from contracts with customers	**190,717**

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2018
	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Sale of goods	**442**

(ii) *Performance obligations*

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

Sales of goods

The performance obligation is satisfied upon delivery of the concentrates and payment in advance is normally required.

Processing services

The performance obligation is satisfied over time as services are rendered and a proportional payment in advance is normally required. Payment is generally due upon completion of processing services.

At 31 December 2018, the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(b) Non-current assets

	2018	2017
	RMB'000	*RMB'000*
Mainland China	**1,417,728**	1,461,272
Myanmar^	**1,033,084**	997,964
	2,450,812	2,459,236

^ This includes the payments in advance in respect of acquisition of subsidiaries amounting to RMB383,877,000 (note 11(a)) (2017: RMB383,877,000) and acquisition of a non-controlling interest in a subsidiary amounting to RMB17,000,000 (note 11(b)) (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:

	2018	2017
	RMB'000	*RMB'000*
Customer A	**110,729**	32,684
Customer B	**27,168**	*
Customer C	**22,027**	*
Customer D	**N/A**	33,723
Customer E	**	28,985

* Less than 10%

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2018	2017
	RMB'000	*RMB'000*
Reversal of a loss allowance on other receivables *(note 13)*	**2,941**	—
Bank interest income	**151**	135
Interest income from loans to third parties	**1,982**	947
Income on waiver of debts by other payables	**8,515**	—
Rental income for an investment property	**842**	844
Others	**868**	663
	15,299	2,589

6. LOSS BEFORE TAX

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

	2018	2017
	RMB'000	*RMB'000*
Cost of inventories sold	**149,032**	99,765
Cost of services rendered	**1,423**	897
Staff costs (including directors' and chief executive's remuneration):		
Wages and salaries and relevant benefits	**15,477**	12,354
Pension scheme contributions — Defined contribution funds	**535**	407
	16,012	12,761
Depreciation of items of property, plant and equipment	**33,130**	31,536
Depreciation of an investment property	**677**	484
Amortisation of intangible assets ^	**11,173**	16,542
Amortisation of prepaid land lease payments ^	**270**	292
Depreciation and amortisation	**45,250**	48,854
Impairment losses recognised on:		
Property, plant and equipment	**—**	44,468
Intangible assets	**—**	17,000
Prepaid land lease payments	**—**	835
Payments in advance	**—**	297
Financial assets in prepayments, deposits and other receivables	**665**	—
Trade receivables, net	**12**	1,061
Total impairment losses recognised	**677**	63,661
Gain on a bargain purchase	**—**	(88,369)
Auditor's remuneration	**4,200**	4,300
Operating lease rentals	**933**	632
Reversal of a loss allowance on other receivables	**(2,941)**	—
Foreign exchange losses/(gains), net	**(316)**	1,645

^ The amortisation of intangible assets and prepaid land lease payments for the current year and the prior year is included in "Cost of sales" in profit or loss

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

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 year.

Pursuant to the income tax rules and regulations in the PRC, the Group's subsidiaries located in Mainland China are liable to PRC corporate income tax at a rate of 25% on the assessable profits generated for the year.

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 year, except for GPS JV, which has been exempted from Myanmar corporate income tax for the first five years since March 2014 by the Myanmar Investment Commission.

	2018	2017
	RMB'000	*RMB'000*
Current — Myanmar		
Charge for the year	**1,725**	—
Deferred	**3,715**	8,558
	5,440	8,558

A reconciliation of the income tax expense applicable to loss before tax at the statutory rates is as follows:

	2018	2017
	RMB'000	*RMB'000*
Loss before tax	**(10,724)**	(34,508)
Add: disallowed expenses/(non-assessable gains) incurred by BVI subsidiary*	**(9,860)**	4
Loss before tax incurred by companies other than the BVI subsidiary	**(20,584)**	(34,512)
Tax at the respective statutory tax rates:		
— PRC subsidiaries, at 25%	**(6,704)**	(1,038)
— Myanmar subsidiaries, at 25%	**(764)**	(937)
— the Company and its Hong Kong subsidiary, at 16.5%	**1,533**	(4,391)
Gains not subject to tax	**(10,560)**	(31,743)
Tax losses not recognised	**10,545**	10,981
Utilisation of previously not recognised tax losses	**(4,762)**	(998)
Expenses not deductible for tax	**14,147**	31,387
Withholding income tax on the intra-group management fee charged	**247**	—
Reversal of deferred tax assets recognised in prior years	**1,758**	5,297
Income tax expense	**5,440**	8,558

* Gains incurred during the year ended 31 December 2018 mainly consisted of intra-group management service income earned by BVI subsidiary which are not assessable under the rules and regulations of BVI.

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

The calculation of the basic loss per share is based on the loss for the year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 3,579,777,000 (2017: weighted average number of ordinary shares of 2,542,202,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2018.

No adjustment has been made to the respective basic loss per share amount presented for the year ended 31 December 2017 in respect of a dilution as all outstanding share options were forfeited during 2017.

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Mining infra-structure	Construction in progress ("CIP")	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2018							
Cost:							
At 1 January 2018	38,116	416,609	6,219	14,563	539,469	26,914	1,041,890
Additions	—	788	6	971	23,629	45,440	70,834
Transferred from CIP	29,011	13,176	—	—	—	(42,187)	—
Disposals	—	—	—	(1,884)	—	—	(1,884)
Reduction in cost	—	—	—	—	(3,994)	—	(3,994)
Exchange realignment	(178)	(81)	—	—	—	—	(259)
At 31 December 2018	66,949	430,492	6,225	13,650	559,104	30,167	1,106,587
Accumulated depreciation and impairment:							
At 1 January 2018	10,125	135,764	5,321	11,740	102,287	—	265,237
Provided for the year	2,392	23,479	88	986	6,185	—	33,130
Disposals	—	—	—	(1,664)	—	—	(1,664)
Exchange realignment	(8)	(9)	—	—	—	—	(17)
At 31 December 2018	12,509	159,234	5,409	11,062	108,472	—	296,686
Net carrying amount:							
At 1 January 2018	27,991	280,845	898	2,823	437,182	26,914	776,653
At 31 December 2018	54,440	271,258	816	2,588	450,632	30,167	809,901

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Mining infra-structure	Construction in progress ("CIP")	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2017							
Cost:							
At 1 January 2017	38,233	293,434	5,934	8,324	520,401	22,086	888,412
Additions	—	945	29	—	8,320	1,901	11,195
Acquisition of a subsidiary	—	78,868	260	6,322	10,799	46,343	142,592
Transferred from CIP	—	43,416	—	—	—	(43,416)	—
Disposals	—	—	—	(83)	—	—	(83)
Exchange realignment	(117)	(54)	(4)	—	(51)	—	(226)
At 31 December 2017	38,116	416,609	6,219	14,563	539,469	26,914	1,041,890
Accumulated depreciation and impairment:							
At 1 January 2017	8,006	88,637	4,992	7,538	63,349	—	172,522
Provided for the year	1,956	22,600	172	903	5,905	—	31,536
Acquisition of a subsidiary	—	13,257	157	3,349	—	—	16,763
Impairment recognised during the year	164	11,271	—	—	33,033	—	44,468
Disposals	—	—	—	(50)	—	—	(50)
Exchange realignment	(1)	(1)	—	—	—	—	(2)
At 31 December 2017	10,125	135,764	5,321	11,740	102,287	—	265,237
Net carrying amount:							
At 1 January 2017	30,227	204,797	942	786	457,052	22,086	715,890
At 31 December 2017	27,991	280,845	898	2,823	437,182	26,914	776,653

Notes:

(a) As at 31 December 2018, the Group was in the customary process of obtaining the relevant building ownership certificates ("**BOCs**") for the Group's plants with a net carrying amount of RMB4,379,000 (2017: RMB7,120,000) as the Group was still in process of applying for the land use rights certificate on which the plants were erected. The Group's plants can only be sold, transferred or mortgaged when the relevant BOCs have been obtained.

(b) As at 31 December 2018, the Group's property, plant and machinery with a net carrying amount of RMB60,967,000 (2017: RMB60,547,000) were pledged to secure bank loans granted to the Group.

10. INTANGIBLE ASSETS

	Mining rights *RMB'000*	Exploration and evaluation assets *RMB'000*	Total *RMB'000*
31 December 2018			
Cost at 1 January 2018, net of accumulated amortisation and impairment	**715,557**	**292,425**	**1,007,982**
Additions	**37**	**203**	**240**
Reduction in cost	**(3,170)**	**(1,094)**	**(4,264)**
Amortisation provided during the year	**(11,173)**	**—**	**(11,173)**
Exchange realignment	**(623)**	**—**	**(623)**
At 31 December 2018	**700,628**	**291,534**	**992,162**
Analysed as:			
Cost	**828,260**	**291,534**	**1,119,794**
Accumulated amortisation	**(65,337)**	**—**	**(65,337)**
Impairment	**(61,146)**	**—**	**(61,146)**
Exchange realignment	**(1,149)**	**—**	**(1,149)**
Net carrying amount	**700,628**	**291,534**	**992,162**

	Mining rights *RMB'000*	Exploration and evaluation assets *RMB'000*	Total *RMB'000*
31 December 2017			
Cost at 1 January 2017, net of accumulated amortisation and impairment	453,589	281,781	735,370
Additions	36	10,644	10,680
Acquisition of a subsidiary	296,000	—	296,000
Amortisation provided during the year	(16,542)	—	(16,542)
Impairment recognised for the year	(17,000)	—	(17,000)
Exchange realignment	(526)	—	(526)
At 31 December 2017	715,557	292,425	1,007,982
Analysed as:			
Cost	831,393	292,425	1,123,818
Accumulated amortisation	(54,164)	—	(54,164)
Impairment	(61,146)	—	(61,146)
Exchange realignment	(526)	—	(526)
Net carrying amount	715,557	292,425	1,007,982

As at 31 December 2018, the Group's intangible assets with a net carrying amount of approximately RMB61,810,000 (2017: RMB61,849,000) were pledged to secure bank loans granted to the Group.

11. PAYMENTS IN ADVANCE

	Notes	**2018**	2017
		RMB'000	*RMB'000*
In respect of the purchase of:			
Prepaid land lease payments		**11,883**	11,883
Property, plant and equipment		**1,725**	35,138
Acquisition of subsidiaries	*(a)*	**383,877**	383,877
Acquisition of a non-controlling interest in a subsidiary	*(b)*	**17,000**	17,000
		414,485	447,898
Impairment		**(297)**	(297)
		414,188	447,601

Notes:

(a) 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.

(b) 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.

12. TRADE RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**38,881**	43,704
Impairment	**(35,345)**	(34,451)
	3,536	9,253

It is the Group's trading term that payment in advance is normally required with its customers, except for major customers, where the Group grants a credit term of one month. In view of the fact that the Group sells all of its products to a small number of customers, there is a high level of concentration of credit risk. The Group seeks to maintain strict control over the settlement of its outstanding receivables and has a credit control department to minimise credit risk. The Group does not hold any collateral or other credit enhancements over trade receivables. Trade receivables are non-interest-bearing and unsecured.

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

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**3,536**	8,996
6 to 9 months	**—**	257
	3,536	9,253

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

	2018	2017
	RMB'000	*RMB'000*
At beginning of year	**34,451**	33,390
Effect of adoption of IFRS 9	**882**	—
At beginning of year (restated)	**35,333**	33,390
Impairment losses, net	**12**	1,061
At end of year	**35,345**	34,451

Impairment under IFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

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

As at 31 December 2018

		Past due		
	Current	**Less than 1 year**	**Over 1 year**	**Total**
Expected credit loss rate	**9.2%**	**30%**	**100%**	
Gross carrying amount (RMB'000)	**3,894**	**—**	**34,987**	**38,881**
Expected credit losses (RMB'000)	**358**	**—**	**34,987**	**35,345**

Impairment under IAS 39 for the year ended 31 December 2017

Included in the above provision for impairment of trade receivables, which was measured based on incurred credit losses under IAS 39, as at 31 December 2017 was a provision for individually impaired trade receivables of RMB34,451,000 with a carrying amount before provision of RMB34,451,000.

The individually impaired trade receivables as at 31 December 2017 related to certain customers that were in financial difficulties, and the Group had stopped supplying goods to the customers, initiated discussions on repayment terms and is in the midst of monitoring its repayment schedules. Whilst the Group will continue to follow up closely on the receivable status, the recoverability of part of the receivables has specifically been affected by the weak market condition, and may be delayed by a longer-than-expected period or the receivables may not be recoverable. Despite such provision and longer-than-expected repayment periods, the Group will initiate necessary actions to recover these receivables in part or in full.

The ageing analysis of the trade receivables as at 31 December 2017 that were not individually nor collectively considered to be impaired under IAS 39 is as follows:

	2017 *RMB'000*
Neither past due nor impaired	8,996
4 to 6 months past due	257
	9,253

The Directors were of the opinion that no further provision for impairment under IAS 39 was necessary in respect of receivables of RMB257,000 which were past due but not impaired as the balances were still considerably fully recoverable based on the credit review conducted by management during 2017.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**2018**	2017
		RMB'000	*RMB'000*
Current portion:			
Prepayments in respect of:			
— purchase of inventories		**9,846**	1,595
— professional fees		**846**	557
— prepaid land lease payments to be amortised within one year		**270**	270
— deposits		**444**	934
— others		**4,522**	3,317
Loans receivable	*(a)*	**13,300**	62,693
Rental receivables		**—**	143
Prepaid expenses		**84**	117
Other receivables in respect of:			
— transfer from trade receivables	*(b)*	**43,991**	46,932
— staff advances		**1,111**	939
		74,414	117,497
Impairment allowance	*(c)*	**(44,656)**	(46,932)
		29,758	70,565
Non-current portion:			
Prepayment in respect of purchase of inventories	*(d)*	**214,165**	214,165
Deposits in respect of:			
— environmental rehabilitation		**1,170**	1,170
— others		**1,584**	1,027
		216,919	216,362
		246,677	286,927

Notes:

(a) A loan receivable as at 31 December 2018 represents an interest-bearing loan that the Group made to an independent third party with an amount of RMB13,300,000 pursuant to a resolution of the Board dated 27 June 2018, with a term of one year and a fixed interest rate per annum.

Loans receivable as at 31 December 2017 represented interest-bearing loans that the Group made to three independent third parties (collectively, the "**Borrowers**") in an aggregate amount of HK$75,000,000 (equivalent to approximately RMB62,693,000) pursuant to a resolution of the Board dated 16 October 2017, with a term of six months and a fixed interest rate per annum. These loans were repaid in full in May 2018 by the Borrowers.

(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 had not been collected according to the agreed repayment terms in 2016 as a result of the weak market condition. As such, the Group made an additional impairment provision of RMB36,049,000 in 2016. Despite such provision and the longer-than-expected repayment period, the Group had continued to initiate necessary actions to recover the receivable in part or in full. During the year, the Group collected RMB2,941,000 and the related impairment allowance was reversed accordingly.

(c) The movements in the loss allowance for impairment of financial assets in prepayments, deposits and other receivables are as follows:

	2018	2017
	RMB'000	*RMB'000*
At beginning of year	**46,932**	46,932
Impairment losses	**665**	—
Reversal of a provision for loss allowance	**(2,941)**	—
At end of year	**44,656**	46,932

Where applicable, an impairment analysis is performed at each reporting date by considering expected credit losses, which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2018 ranged from 0.5% to 10%.

(d) The balances represent prepayments made to Xiangcaopo Mining Co., Ltd. ("**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.

14. TRADE PAYABLES

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

	2018	2017
	RMB'000	*RMB'000*
Within 1 month	**2,559**	1,987
1 to 2 months	**1,521**	132
2 to 3 months	**1,715**	1,007
Over 3 months	**6,791**	4,616
	12,586	7,742

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

15. INTEREST-BEARING BANK LOANS

	2018			2017		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Secured and guaranteed:						
Current	**5.70-6.15**	**2019**	**66,520**	4.35-4.75	2018	448,990
Non-current	**5.70-6.15**	**2020**	**297,932**	—	—	—
			364,452			448,990

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

As at 31 December 2018, the Group's bank loans are secured by:

(a) Mortgages over the following assets:

	Net book amount as at 31 December 2018 *RMB'000*
Property, plant and equipment	**60,967**
Intangible assets	**61,810**
Prepaid land lease payments	**10,403**

(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.

16. DIVIDENDS

At a meeting of the Directors held on 19 February 2019, the Directors did not recommend a final dividend for the year ended 31 December 2018 (2017 final dividend: Nil).

17. COMMITMENTS

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

	2018	2017
	RMB'000	*RMB'000*
Contracted, but not provided for:		
— Exploration and evaluation assets	**—**	524
— Property, plant and equipment	**1,697**	1,505
— Acquisition of subsidiaries	**4,000**	4,000
	5,697	6,029

18. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liabilities.

19. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	2018	2017
	RMB'000	*RMB'000*
Fees	**2,931**	1,140
Other emoluments:		
Salaries, allowances and benefits in kind	**650**	751
Termination benefits	**—**	121
Pension scheme contributions		
— Defined contribution fund	**10**	9
	660	881
	3,591	2,021

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 February 2019.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of independent auditor's report issued by the Group's independent auditor:

Opinion

We have audited the consolidated financial statements of China Polymetallic Mining Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2.1 to the financial statements, which indicates that the Group incurred a net loss of RMB16,164,000 for the year ended 31 December 2018 and, as at that date, the Group's current liabilities exceeded its current assets by RMB275,110,000. As stated in note 2.1, these conditions, along with other matters as set forth in note 2.1, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2018, the international economic environment was complicated and volatile with the growth of global trade protectionism and the frequent trade disputes, the global economic development was in an unstable status and the international situation was increasingly complicated with a high level of market uncertainties. Affected by the deepening of the supply-side reform and the continued warming up of the trade war between China and the US, the China's domestic economy continued to undergo restructuring and transformation during the year. In addition, since the second half of 2018, the prices of major commodities fluctuated with a downward trend. The prices of non-ferrous metals were kept in a low level, and the pressure on industrial operations continued to increase.

However, China continued to promote the implementation of the Belt and Road Initiative and invested in the infrastructure construction in the world particularly the central Asia regions. While vigorously promoting the local economic development and increasing the demand for mineral resources, it also fully stimulated the great development advantages and potentials of the countries along the Belt and Road Initiative in the metal minerals sector. The Belt and Road Initiative brings new historic opportunities for the sustainable development of the metal mining industry.

At the same time, the Chinese government continued to enhance cooperation with the Myanmar government in jointly building the China-Myanmar Economic Corridor. The China-Myanmar comprehensive strategic partnership of cooperation has continued to develop and the construction of the Belt and Road Initiative has been further advanced. The mutually beneficial and win-win cooperation relationship of the two countries has entered into a new stage. The in-depth and continuous cooperation between the two countries provides the Group with a good business environment to invest in Myanmar and is conducive to the sustainable and ongoing development of the Group.

BUSINESS OVERVIEW

In China, with the gradual reduction of mines with open-pit mining and rich mineral resources, most of the mines need to be shifted into underground mining with higher mining costs. In addition, as the requirements for environmental protection such as energy savings, waste reduction, production safety and green mine construction etc. in the PRC have gradually strengthened, a large number of mines have to be gradually closed or undergo substantial and lengthy technology innovations due to failure to meet the relevant requirements. Therefore, the operational environment of the mining sector in the PRC becomes more difficult and costly. In comparison, the overall business environment in Myanmar continued to improve and the mines with the relatively lower operational cost with higher profitability remain to be developed.

In view of above, we therefore increased our investment in Myanmar in a logical and systemically manner during year 2018. At the same time, we also continued to implement our strategic plan to adjust our mining businesses in the PRC in a diligent manner to cope with new challenges brought by the increasingly stringent rules and regulations in the mining sector of the PRC.

During the year, the major production and operation activities of the Group continued to focus on our three key mines, Aung Jiujia Mine and GPS JV Mine in Myanmar, and Dakuangshan Mine in the PRC, which provided important cash contribution to the Group. Shizishan Mine and Menghu Mine in the PRC continued stable operations. For Liziping Mine, Dazhupeng Mine and Lushan Mine in the PRC, we accelerated the renewal of exploration permits and conducted all necessary works in preparation of the application for mining permit.

In addition, the Group continued to adopt cost control and light asset overall strategy during the year, especially for GPS JV Mine and the Menghu Mine, which have extensive areas for exploration and are still under development. We adopted the subcontracting operational arrangement with our carefully selected sub-contractors and therefore effectively controlled the operating costs and minimized the risks.

OPERATING MINE IN MYANMAR — AUNG JIUJIA MINE

Mineral resources and reserves of Aung Jiujia Mine

Aung Jiujia Mine is an open pit and underground lead mine located at Depanbing Village, Ruian County, Shan State, Myanmar, in a karst topography between 800 meters to 1,500 meters above sea level and is characterized by low mountains and flat valleys. The mining permit of the Aung Jiujia Mine covers an area of approximately 0.2 sq. km. and we are now applying the exploration permit in respect of the areas surrounding the mining permit.

According to the production exploration report issued by Yunnan Huapeng Aidi Resources Exploration Limited Company (雲南華鵬愛地資源勘查有限公司) in July 2018, a summary of the estimated resources of the Aung Jiujia Mine as at 31 December 2018 in accordance with the Chinese Standard is as follows:

	Metal Resources Lead *(kt)*	Grade Lead *(%)*
Measured	**339.4**	**7.88**
Indicated	**125.8**	**7.80**
Inferred	**288.1**	**7.87**
Total	**753.3**	**7.87**

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

Assumptions:

The figures of the lead resources of Aung Jiujia Mine are based on the following assumptions:

(1) The lead resources and grade for Aung Jiujia Mine are based on the estimate as per the aforesaid independent technical report. The increase of the lead resources was due to our efforts in exploration activities resulting in increase of lead resources which were adjusted by reduction as a result of our mining operation. The decrease in grade of lead was due to further verification and analysis of the resources as a result of exploration works. The year end amounts have been confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

Overview

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

Following an outstanding ramp up, Aung Jiujia Mine delivered a strong operating result since the second half of 2018, its first year since achieving commercial production. Its production established Aung Jiujia Mine as one of the leading and biggest lead mines in Myanmar.

To ensure Aung Jiujia Mine to provide consistent supply of lead concentrates in the ongoing future, a series of production expansion work programs to maintain this production profile into the future is continued to be advanced. A series of cost saving and efficiency enhancement initiatives have been implemented at Aung Jiujia Mine during the year which are expected to deliver economic benefits that will partly offset the impacts of escalating labour and energy costs.

Exploration, Development and Mining Activities of Aung Jiujia Mine

(I) Exploration Activities

During the year, we have been consistently conducting geological exploration works within the mining rights of Aung Jiujia Mine and committed to accelerating the production operation and increasing our resources reserves as well as the resources categories. After the first stage of exploration and verification, our lead resources reserves as well as the lead resources categories in Aung Jiujia Mine have been increased significantly which ensure a stable supply of lead ores for our processing operation at least for the next few years. Details of the exploration results are set out in the announcement of the Company dated 17 December 2018.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of exploration work or conducted any other geological exploration work at Aung Jiujia Mine during the year.

(II) Development Activities

Since 2018, the Group continued to carry out the open pit mining construction project in the Aung Jiujia Mine and a multi-layered mining working platform of around 140 meters in length and around 25 meters in width has been built up and a medium-large sized open pit is gradually formed. In addition, the underground tunnel mining project with 70 meters depth below is also in process.

In addition, the Group is consistently committed to enhancing the processing capacity of the Aung Jiujia Mine. Since June of 2018, the construction of an additional 1,000 tpd processing plant has been successfully completed and came into operation.

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 during the year.

(III) Mining and processing activities

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

	Items	**Unit**	**2018**	2017
ROM Ore	Mined	kt	**204.7**	40.8
	Processed	kt	**200.7**	43.0
Feed Grade	Lead	%	**3.5**	3.1
	Silver	g/t	**9.6**	9.5
Recovery	Lead	%	**80.1**	80.0
	Silver in lead concentrate	%	**60.0**	60.0
Concentrate Grade	Lead	%	**62.3**	63.9
	Silver in lead concentrate	g/t	**127.0**	110.0
Concentrate Tonnes	Lead-silver concentrate	t	**9,105**	2,231

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

(2) Aung Jiujia Mine only came into commercial production since the second half of 2018, and therefore the comparable operating results for 2017 only reflect the production activities before the commercial operation.

Exploration, Development and Mining Cost of Aung Jiujia Mine

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

	2018	2017
	RMB million	*RMB million*
Exploration activities *(Note (1))*	**—**	—
Development activities		
Mining infrastructure	**15.7**	3.1
Processing plant and equipment	**40.5**	—
Subtotal	**56.2**	3.1
Mining activities		
Subcontracting fee	**5.6**	3.1
Administrative and other costs	**0.4**	0.4
Production taxes and royalties	**1.5**	1.1
Subtotal	**7.5**	4.6
Total	**63.7**	7.7

Note: (1) We conducted exploration activities through our mining production works and therefore no costs or expenses were recorded for the exploration activities during the year.

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

OPERATING MINE IN MYANMAR — GPS JV MINE

Mineral resources and reserves of GPS JV Mine

GPS JV Mine is an underground lead-silver polymetallic mine located in Bawsaing Track, Kalaw Township, Southern Shan State, Myanmar, in a karst topography between 1,200 meters to 1,550 meters above sea level. It is one of the major lead-silver deposits in Myanmar and covers an area of approximately 2 sq. km.

According to the production exploration reports issued by Yunnan Sanyuan Geological Exploration Limited Company (雲南三源地質勘查有限公司) in October 2018, a summary of the estimated resources of the GPS JV Mine as at 31 December 2018 in accordance with the Chinese Standard is as follows:

	Metal Resources Lead *(kt)*	**Grade Lead** *(%)*
Measured	**62.8**	**4.10**
Indicated	**403.1**	**6.27**
Inferred	**1,487.0**	**7.78**
Total	**1,952.9**	**7.35**

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

Assumptions:

The figures of the lead resources of GPS JV Mine are based on the following assumptions:

(1) The lead resources and grade for GPS JV Mine are based on the estimate as per the aforesaid independent technical report. The increase of the lead resources during the year was due to our efforts in exploration activities resulting in increase of lead resources which were adjusted by reduction as a result of our mining operation. The decrease in grade of lead was due to further verification and analysis of the resources as a result of exploration works. The year end amounts have been confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

Overview

GPS JV Mine achieved some promising exploration results during the year. But its production was still affected by the inefficient supply of mining operations of the existing mining zones which are under development coupled with the complex underground mining operations and relatively low grade of lead ores. We will continue to enhance our exploration activities with a view to locate other mining zones with further mineral resources and higher grade and in a more cost effective manner for our mining and processing productions in the future.

With a view to combat the limitations brought by lower mining production and relatively low grade of lead ores during the year, the GPS JV Mine continued to enhance its processing production for the lead ores of the surrounding regions with a higher grade and achieved considerable growth as compared with 2017.

Exploration, Development and Mining Activities of GPS JV Mine

(I) Exploration Activities

During the year, we have been consistently conducting geological exploration works within the mining rights of GPS JV Mine and committed to accelerating the production operation and increasing our resources reserves as well as the resources categories. After the first stage of exploration and verification, our lead resources reserves as well as the lead resources categories in the eastern part of GPS JV Mine have been increased. Details of the exploration results are set out in the announcement of the Company dated 6 November 2018. The Group will continue to enhance the exploration activities in other mining zones of GPS JV Mine in order to provide a reliable guarantee for the subsequent continuous production of the project.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of exploration work or conducted any other geological exploration work at GPS JV Mine during the year.

(II) Development Activities

During the year, 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 have completed the construction of gravity separation process line at the processing plant of the GPS JV Mine, thereby further enhancing our usage efficiency of the lead mineral ores and improving the economic returns.

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

(III) Mining and processing activities

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

	Items	Unit	2018	2017
ROM Ore	Mined	kt	**49.0**	38.8
	Processed	kt	**76.6**	17.5
Feed Grade	Lead	%	**3.0**	8.5
	Silver	g/t	**21.0**	20.0
Recovery	Lead	%	**80.5**	80.0
	Silver in lead concentrate	%	**70.6**	62.0
Concentrate Grade	Lead	%	**52.6**	52.0
	Silver in lead concentrate	g/t	**325.0**	245.0
Concentrate Tonnes	Lead-silver concentrate	t	**3,495**	1,337

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

Exploration, Development and Mining Cost of GPS JV Mine

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

	2018	2017
	RMB million	*RMB million*
Exploration activities *(Note (1))*	**—**	—
Development activities		
Mining infrastructure	**5.4**	2.3
Mining activities		
Subcontracting fee	**1.3**	2.2
Maintenance and others	**—**	0.1
Administrative and other costs	**1.0**	0.3
Production taxes and royalties	**1.7**	0.1
Subtotal	**4.0**	2.7
Total	**9.4**	5.0

Note: (1) We conducted exploration activities through our mining production works and therefore no costs or expenses were recorded for the exploration activities during the year.

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

OPERATING MINE IN CHINA — DAKUANGSHAN MINE

Mineral resources and reserves of Dakuangshan Mine

Dakuangshan Mine is an underground lead-zinc-silver polymetallic mine located at Yingjiang County of Yunnan Province, the PRC, and approximately 100 km. away from the Shizishan Mine. The mining permit of the Dakuangshan Mine covers an area of 1.56 sq. km. Based on the geologist report issued by the Sichuan Province Geological Group（四川省地質工程集團）dated 11 April 2012, a summary of the estimated resources of Dakuangshan Mine as at 31 December 2018 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	**113.7**	**219.3**	**210.1**	**2.7**	**5.2**	**54.2**

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

Assumptions:

The figures of the lead, zinc and silver resources of Dakuangshan Mine are based on the following assumptions:

(1) The lead, zinc and silver resources and grades for Dakuangshan Mine are based on the estimate as per the aforesaid independent technical report. The decrease of the lead, zinc and silver resources in the Dakuangshan Mine during the year was due to our mining operation. The year end amounts have been confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

Overview

The production of Dakuangshan Mine during the year was largely in line with the year 2017, representing that it can continue to maintain a stable and consistent production. However, the production was impacted by the complexity of geological composition and low grade of the existing mining zones and new mining zones.

Further systematic and detailed exploration works and analysis of the geological composition and structure of the existing mining zone and the new mining zones are now in progress which is expected to provide a more efficient and effective production for Dakuangshan Mine.

Exploration, Development and Mining Activities of Dakuangshan Mine

(I) Exploration Activities

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

In addition, we have implemented technical improvement projects at the processing plant, thereby optimizing and enhancing the processing capacity.

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

(III) Mining and processing activities

The following table summarises the mining and processing results of Dakuangshan Mine during the year and 2017:

	Items	Unit	2018	2017
ROM Ore	Mined	kt	**63.7**	60.7
	Processed	kt	**58.2**	60.8
Feed Grade	Lead	%	**0.9**	1.6
	Zinc	%	**1.9**	3.1
	Silver	g/t	**13.0**	18.0
Recovery	Lead	%	**75.2**	80.0
	Zinc	%	**72.4**	80.0
	Silver in lead concentrate	%	**71.0**	72.0
	Silver in zinc concentrate	%	**3.5**	3.4
Concentrate Grade	Lead	%	**51.2**	50.5
	Zinc	%	**43.8**	42.8
	Silver in lead concentrate	g/t	**715.0**	717.6
	Silver in zinc concentrate	g/t	**14.3**	12.2
Concentrate Tonnes	Lead-silver concentrate	t	**751**	1,106
	Zinc-Silver concentrate	t	**1,848**	3,038

Note: Figures for ROM ore, feed grade, recovery and concentrate grade are rounded to nearest one decimal place, and figures for concentrate tonnes 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 year and 2017 are set out below:

	2018	2017
	RMB million	*RMB million*
Exploration activities	**—**	—
Development activities		
Mining infrastructure	**2.7**	2.8
Tailing storage facilities	**1.1**	1.1
Subtotal	**3.8**	3.9
Mining activities		
Subcontracting fee	**4.0**	4.3
Materials cost	**0.3**	0.8
Electricity and water	**0.6**	0.5
Maintenance and others	**1.2**	1.3
Administrative and other costs	**0.7**	0.6
Production taxes and royalties	**3.7**	3.1
Subtotal	**10.5**	10.6
Total	**14.3**	14.5

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 IN CHINA — SHIZISHAN MINE

Mineral resources and reserves of Shizishan Mine

Shizishan Mine is an underground lead-zinc-silver polymetallic mine located at Yingjiang County of Yunnan Province, the PRC. Shizishan Mine is located at the southern extension of the Hengduan Mountain Range and along the north-south stretching secondary ridge of the western part of Gaoligong Mountains in western Yunnan with the undulating terrain as well as in the vicinity of the Binlang River. According to the report of resources and reserves estimation on Shizishan Mine as disclosed in the "Competent Person's Report" set out in Appendix V to the Prospectus, a summary of the estimated resources and reserves of Shizishan Mine under the JORC Code as at 31 December 2018 is set out below:

JORC Mineral Resources as at 31 December 2018

Mineral Resource at 0.5% Pb Cut Off

Class	Quantity *(t)*	Pb *(%)*	Zn *(%)*	Ag *(g/t)*	Pb metal *(t)*	Zn metal *(t)*	Ag metal *(t)*
Measured	**1,208,489**	**10.9**	**6.6**	**271.0**	**193,302**	**104,089**	**546**
Indicated	**6,398,000**	**9.0**	**5.9**	**250.0**	**575,200**	**378,500**	**1,600**
Inferred	**516,000**	**7.7**	**4.8**	**247.0**	**39,600**	**24,500**	**100**
Total	**8,122,489**	**9.4**	**6.0**	**276.0**	**808,102**	**507,089**	**2,246**

JORC Ore Reserves Estimates as at 31 December 2018

Class	Quantity *(t)*	Pb *(%)*	Zn *(%)*	Ag *(g/t)*	Pb metal *(t)*	Zn metal *(t)*	Ag metal *(t)*
Proved	**1,088,489**	**10.0**	**6.1**	**251.0**	**160,903**	**84,489**	**446**
Probable	**5,713,000**	**9.0**	**5.9**	**250.0**	**514,500**	**336,900**	**1,400**
Total	**6,801,489**	**9.3**	**5.9**	**250.0**	**675,403**	**421,389**	**1,846**

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

Assumptions:

The figures of the lead, zinc and silver resources of Shizishan Mine are based on the following assumptions:

(1) The lead, zinc and silver resources and grades for Shizishan Mine are based on the estimate as per the aforesaid independent technical report. The decrease of the lead, zinc and silver resources in the Shizishan Mine during the year was due to our mining operation. The year end amounts have been confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

Overview

During the year, we continued to accelerate the drainage tunnel works for Shizishan Mine. Since the elevation of certain underground mining zones of the Shizishan Mine is lower than the groundwater level, therefore the intermittent inflow of rain and underground water into the underground mining zones added a lot of difficulties to the ongoing drainage tunnel construction project. It is expected that the drainage tunnel works, which were caused by earthquakes and further affected by torrential rains in these years, took sometime for completion, therefore Shizishan Mine, while continuing the drainage tunnel works, shifted its operational strategy during the year by concentrating on provision of processing services for the minerals ores of the surrounding mines, thereby achieving a better result as compared with 2017.

With the establishment and enhancement of long term close cooperation relationship with surrounding mines, Shizishan Mine will continue to formulate and implement a suitable operation plan and accelerate the operational efficiency of its processing plant to counter the difficulties for our mining operation.

Exploration, Development and Mining Activities of Shizishan Mine

(I) Exploration Activities

During the year, 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 and continued such works during the year. As at 31 December 2018, the tunnel construction works amounted to 600 meters in length and the construction works amounted to 3,484 m^3.

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

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

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

(III) Mining and processing activities

The following table summarises the mining and processing results of Shizishan Mine during the year and 2017:

	Items	**Unit**	**2018**	2017
ROM Ore	Processed	kt	**33.6**	3.6
Feed Grade	Lead	%	**4.1**	4.4
	Zinc	%	**6.5**	5.9
	Silver	g/t	**44.2**	36.5
Recovery	Lead	%	**81.4**	80.0
	Zinc	%	**82.3**	80.0
	Silver in lead concentrate	%	**78.7**	62.6
	Silver in zinc concentrate	%	**16.9**	16.4
Concentrate Grade	Lead	%	**62.9**	48.6
	Zinc	%	**48.7**	44.8
	Silver in lead concentrate	g/t	**650.0**	683.7
	Silver in zinc concentrate	g/t	**68.0**	54.0
Concentrate Tonnes	Lead-silver concentrate	t	**1,796**	252
	Zinc-silver concentrate	t	**3,692**	580

Note: Figures for ROM ore, feed grade, recovery and concentrate grade are rounded to nearest one decimal place and figures for concentrate tonnes 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 year and 2017 are set out below:

	2018	2017
	RMB million	*RMB million*
Exploration activities	**—**	—
Development activities		
Mining infrastructure	**—**	—
Tailing storage facilities	**0.1**	—
Subtotal	**0.1**	—
Mining activities		
Materials cost	**—**	1.0
Labour	**0.1**	0.1
Electricity and water	**—**	0.3
Administrative and other costs	**—**	—
Production taxes and royalties	**0.2**	—
Subtotal	**0.3**	1.4
Total	**0.4**	1.4

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 IN CHINA — MENGHU MINE

Mineral resources and reserves of Menghu Mine

Menghu Mine is an underground lead-zinc polymetallic mine located at Mengla County of Yunnan Province, the PRC. It is a high-grade oxidized lead and zine mine with potential in mineral resources. The mining permit of the Menghu Mine covers an area of 0.4 sq. km.

Menghu Company has engaged the Regional Geologic Survey Team of the Sichuan Bureau of Geological Exploration of Mineral Resources (四川省地質礦產勘查開發局區域地質調查隊), an independent third party exploration entity, to conduct exploration at Menghu Mine in March 2012. A report on the geological exploration conducted at Menghu Mine was issued on 30 November 2012. A summary of the estimated resources of the Menghu Mine as at 31 December 2018 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	**31.7**	**18.2**	**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.

Assumptions:

The figures of the lead and zinc resources of Menghu Mine are based on the following assumptions:

(1) The lead and zinc resources and grades for Menghu Mine are based on the estimate as per the aforesaid independent technical report. The decrease of the lead and zinc resources in the Menghu Mine during the year was due to our mining operation. The year end amounts have been confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

Overview

During the year, under the subcontracting arrangement, the Group continued to provide its necessary supervision and guidance to the sub-contractor(s) for the operation of Menghu Mine. As compared with 2017, the output and grades of the Menghu Mine have improved and become more stable, providing a good foundation for us either to operate by ourselves or to increase our subcontracting income in the future.

By adopting the operational strategy of the subcontracting arrangement, our further capital investment and operation in the construction of the Menghu Mine are reduced and the Group has achieved a stable and predictable economic return.

Exploration, Development and Mining Activities of Menghu Mine

(I) Exploration Activities

During the year, 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 year, we continued to adopt sub-contract mining arrangement and carried out infrastructure construction work of roadway support, transport track, ventilation and drainage system at Menghu Mine in accordance with the requirements of transformation and upgrading of mines imposed by the local government.

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

(III) Mining and processing activities

The following table summarises the mining results of Menghu Mine during the year and 2017:

	Items	Unit	**2018**	2017
ROM Ore	Mined	kt	**1.0**	1.5
Grade	Lead	%	**28.5**	13.8
	Zinc	%	**7.5**	7.9

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

Exploration, Development and Mining Cost of Menghu Mine

No material expenses of exploration, development and mining activities of Menghu Mine were incurred during the year (2017: Nil).

OTHER MINES UNDER DEVELOPMENT IN CHINA

Liziping Mine

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

Liziping Company engaged the Northwest Sichuan Geological Survey Team of the Sichuan Bureau of Geological Exploration of Mineral Resources (四川省地質礦產勘查開發局川西北地質隊), an independent third party exploration entity, to conduct exploration at the Liziping Mine in July 2011. Prior to the acquisition, an area of approximately 4 sq. km. had been explored and a geologist report based on such exploration activities was issued on 12 May 2012. Based on the report, a summary of the estimated resources of the Liziping Mine as at 31 December 2018 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**	**0.99**	**123.4**
Inferred	**73.5**	**99.8**	**18.5**	**276.7**	**12.5**	**2.9**	**0.78**	**278.8**
Total	**96.6**	**141.3**	**26.2**	**397.3**	**10.4**	**3.5**	**0.84**	**231.6**

Note: Save as the grade of copper which is rounded to two decimal places, all other figures for metal resources and grade are rounded to nearest one decimal place and these figures may show apparent addition errors.

Assumptions:

The figures of the lead, zinc, copper and silver resources of Liziping Mine are based on the following assumptions:

(1) The lead, zinc, copper and zinc resources and grades for Liziping Mine are based on the estimate as per the aforesaid independent technical report.

(2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical report continue to apply and have not been materially changed.

The application process of exploration permit pertaining to the first mining area of approximately 4 sq. km. of Liziping Mine has been approved by Lanping County and Nujiang State government, Yunnan Province, the PRC and we are waiting 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 Liziping Mine during the year.

No material capital expenditures were incurred for Liziping Mine during the year (2017: Nil).

Dazhupeng Mine

Dazhupeng Mine is a lead-zinc-silver polymetallic mine located at Yingjiang County of Yunnan Province, the PRC. It is located at approximately 20 km. away from the Shizishan Mine and has certain potential in lead, zinc and silver resources.

During the year, we have successfully obtained the preliminary approval for the renewal of exploration permit of Dazhupeng Mine from the government department of Yingjiang County and the Nujiang State government department, Yunnan Province, the PRC 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 year.

No material capital expenditures were incurred for Dazhupeng Mine during the year (2017: Nil).

Lushan Mine

Lushan Mine is a tungsten-tin polymetallic mine which is located at Yingjiang County of Yunnan Province, the PRC.

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

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

No material capital expenditures were incurred for Lushan Mine during the year (2017: Nil).

MINERAL ORES TRADING

During the year, the Group 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 trading business is one of the strategic moves by the Group, which can enlarge the Group's market share and enhance its economy of scale as well as strengthen our sales bargaining power in negotiating commercial terms with the customers. Given the rapid growth of its business in Myanmar, the Group will 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 year, the Group's revenue was RMB195.0 million (2017: RMB113.3 million). As compared to 2017, revenue increased by RMB81.7 million or 72%, which was primarily due to: (i) substantial increase in sales volume of our self-produced products; (ii) 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 2018; and (iii) slight increase in average selling price of lead-silver concentrates during the year. The above impact is partially offset by decrease in sales revenue of zinc-silver concentrates in 2018.

In 2018, the revenue of sales of self-produced products accounted for 56.1% (2017: 40.3%) of our total revenue.

Sales of self-produced products segment

	Sales Volume (tonnes)	Average Selling Price *(RMB'000/ tonne)*	Revenue *(RMB'000)*	Unit Cost of Sales *(RMB'000)*	Cost of Sales *(RMB'000)*	Gross Profit *(RMB'000)*	Gross Profit Margin *(%)*
2018							
Lead-silver concentrates	**12,554.7**	**7.8**	**97,319.4**	**4.6**	**58,098.3**	**39,221.1**	**40.3%**
Zinc-silver concentrates	**1,922.1**	**5.1**	**9,860.9**	**7.1**	**13,642.1**	**(3,781.2)**	**(38.3%)**
Raw ores	**4,271.0**	**0.5**	**2,209.1**	**0.1**	**329.9**	**1,879.2**	**85.1%**
Total			**109,389.4**			**37,319.1**	
2017							
Lead-silver concentrates	3,805.2	7.7	29,270.8	5.2	19,709.2	9,561.6	32.7%
Zinc-silver concentrates	2,898.4	5.6	16,371.4	5.5	15,823.8	547.6	3.3%
Raw ores	—	—	—	—	—	—	—
Total			45,642.2			10,109.2	

Sales of self-produced products remains the major income of the Group, its segment increased by 140% to RMB109.3 million (2017: RMB45.6 million) which was primarily attributable to the commercial operation of Aung Jiujia Mine and gradual increase in its production of GPS JV Mine during the year, therefore the total revenue of the sales of self-produced products recorded a substantial increase as compared with year 2017.

The unit cost of lead-silver concentrates decreased by 11.5% to RMB4,600/tonne during the year 2018 (2017: RMB5,200/tonne), which was mainly attributable to the decrease in unit prices of raw materials, auxillary materials, labour costs as well as other production costs as a result of the increase in our scale of operation.

The unit cost of zinc-silver concentrates increased by 29.1% to RMB7,100/tonne during the year 2018 (2017: RMB5,500/tonne), which was mainly attributable to the decrease in the volume and grade of zinc ores produced by Dakuangshan Mine due to the gradual depletion of zinc resources in the existing underground mining zones and the mining operation in the new underground mining zones was still under development.

Accordingly, the sales of self-produced products segment recorded a profit of RMB37.3 million (2017: RMB10.1 million), represented an increase of 269.3%.

Processing service segment

Revenue of processing service segment increased by 100.0% to RMB4.0 million (2017: RMB2.0 million), which was primarily due to our effort in enhancing the production efficiency in processing service of mineral ores.

Trading business segment

	Revenue *(RMB'000)*	**Cost of Sales** *(RMB'000)*	**Gross Profit** *(RMB'000)*	**Gross Profit Margin** *(%)*
2018				
Trade	**77,344.3**	**76,961.4**	**382.9**	**0.5%**
2017				
Trade	**64,452.0**	64,231.8	220.2	0.3%

Revenue of trading business segment also increased by 19.8% to RMB77.3 million (2017: RMB64.5 million). The gross profit contribution and gross profit margin from trading business improved as the Group conducted trading with selected customers for lead-silver and zinc-silver products which are more profitable.

Subcontracting income segment

Revenue from subcontracting income increased by 258.3% to RMB4.3 million (2017: RMB1.2 million), which was mainly due to the increase in production volume and ore grades of the Menghu Mine during the year, therefore, by enhancing our bargaining capability, we were able to increase the subcontracting income received from the sub-contractor(s).

Cost of sales

During the year, the cost of sales was RMB150.5 million (2017: RMB100.7 million), increased by RMB49.8 million or 49.5%, which was primarily due to the increase in sales of our self-produced products and increase in the scale of trading operation.

Gross profit and gross profit ratio

In 2018, the Group recorded a gross profit of RMB44.6 million (2017: RMB12.6 million) and the gross profit ratio was 22.8% (2017: 11.1%). The increase in overall gross profit margin was primarily due to the increase in the sales of self-produced products which have a higher profit margin and its portion ratio to the overall revenue.

Other income and gains

During the year, the other income and gains were RMB15.3 million (2017: RMB2.6 million), primarily comprising income on waiver of debts by other payables and reversal of loss allowance on other receivables during the year and no such income was recorded in year 2017.

Administrative expenses

During the year, the administrative expenses were RMB37.4 million (2017: RMB36.1 million), primarily comprising expenses previously accounted for cost of sales which have been directly charged to administrative expenses as a result of temporary suspension of the mining operation of Shizishan Mine and the staff costs in the respective sums of RMB12.4 million and RMB10.8 million and the remaining others were professional consulting fees, depreciation, office administrative fees and other expenses.

Finance costs

During the year, the finance costs decreased to RMB21.1 million (2017: RMB30.8 million), primarily due to our repayment of certain principals of the bank loans upon renewal of the bank loans with Ping An Bank with longer maturity date(s) during the year, resulting in decrease of the overall interest expenses.

Income tax expense

During the year, the income tax expense decreased by RMB3.2 million to RMB5.4 million (income tax expense for 2017: RMB8.6 million), which was primarily due to the decrease in the reversal of deferred tax assets recognised in prior years. A reconciliation of the income tax expense applicable to loss before tax at the statutory rates is set out in Note 7.

Final dividend

At a meeting of the Board held on 19 February 2019, the Board resolved not to recommend declaring any final dividend for the year to the Company's shareholders (2017: no final dividend).

Use of proceeds from the share placing

Up to 31 December 2018, the Group 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 31 December 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
— general working capital of the Group including but not limited to covering the administrative and operating expenses of the Hong Kong office	9.62	9.62
Total	80.20	80.20

Use of proceeds from the rights issue

Up to 31 December 2018, the Group utilised the net proceeds raised from rights issue in accordance with the designated uses set out in the prospectus dated 8 September 2017 (the "**Rights Issue Prospectus**") as follows:

Description	Amount designated in the Rights Issue Prospectus Total *HK$ Million*	Up to 31 December 2018 Utilised *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	135.2
— 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	140.3

Liquidity and capital resources

The following table sets out the information in relation to our Group's consolidated statement of cash flows during the year and for the year ended 31 December 2017:

	2018 ***RMB'000***	2017 *RMB'000*
Net cash flow generated from/(used in) operating activities	**66,971**	(11,303)
Net cash flow generated from/(used in) investing activities	**23,603**	(97,257)
Net cash flow generated from/(used in) financing activities	**(104,962)**	86,125
Net decrease in cash and cash equivalents	**(14,388)**	(22,435)

Net cash flow generated from operating activities

During the year, the net cash flow generated from operating activities increased significantly to RMB67.0 million, primarily driven by the increase in the sales of self-produced products as a result of the increase in our scale of operation in Aung Jiujia Mine and GPS JV Mine. The RMB10.7 million loss was adjusted by (i) the bank interest income and interest income from loans to third parties of RMB2.1 million; (ii) the reversal of loss allowance on other receivables of RMB2.9 million; (iii) an increase in prepayments, deposits and other receivables of RMB7.0 million; and (iv) income on waiver of debts by other payables of RMB8.5 million, which was partially offset by (i) interest expenses from bank and other loans of RMB21.1 million; (ii) non-cash expenses including, unrealised foreign exchange loss, depreciation, amortization, impairment, loss on disposal of items of property, plant and equipment of RMB46.0 million; (iii) an increase in trade payables, other payables and accruals and contract liabilities totalling RMB19.8 million; and (iv) a decrease in trade receivables and inventories of RMB11.3 million.

Net cash flow generated from investing activities

The net cash flow generated from investing activities was approximately RMB23.6 million, which was due to (i) repayment of loan principals and interests from third parties of RMB64.7 million; and (ii) the proceeds from disposal of financial assets at fair value through profit or loss of RMB6.5 million, which was offset by (i) the purchase of items of property, plant and equipment of RMB34.1 million; (ii) expenditures on exploration and evaluation totalling RMB0.2 million; and (iii) advance of loan to a third party of RMB13.3 million.

Net cash flow used in financing activities

The net cash flow used in financing activities was approximately RMB105.0 million, which was due to the payment of certain loan principals and interests upon renewal of bank loans with Ping An Bank.

Cash and bank balances

As at 31 December 2018, the cash and bank balances of the Group were denominated in the following currencies:

	2018	2017
	RMB'000	*RMB'000*
RMB	**2,342**	14,347
HK$	**1,779**	2,845
US$	**135**	1,008
MMK	**44**	374
SG$	**202**	—
	4,502	18,574

Borrowings

As at 31 December 2018, the Group's borrowing structure and maturity profile are as follows:

	2018			2017		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Secured and guaranteed:						
Current	**5.70-6.15**	**2019**	**66,520**	4.35-4.75	2018	448,990
Non-current	**5.70-6.15**	**2020**	**297,932**	—	—	—
			364,452			448,990

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

The Group is committed to explore various means to improve its overall borrowing structure in terms of interest rate level and repayment terms on a continuing basis.

The Group's bank loans as at 31 December 2018 was RMB364.5 million, decreased by RMB84.5 million as compared to the balance of RMB449.0 million as at 31 December 2017, which was primarily due to the repayment of certain bank loan principals during the year as a result of our continuous efforts in reducing the overall debt level of the Group.

Charge on assets

As at 31 December 2018, the bank loans of the Group were secured by (i) the property, plant, equipment of RMB61.0 million; (ii) mining right of RMB62.0 million; (iii) prepaid land lease payments of RMB10.0 million; (iv) 99% of equity interest in Kunrun; (v) 90% of equity interest in Dakuangshan Company; (vi) 90% of equity interest in Liziping Company; (vii) 90% of equity interest in Menghu Company; and guaranteed by (viii) Mr. Ran Xiaochuan, the Company's former executive director.

Net gearing ratio

Consistent with industry norms, the Group uses the net gearing ratio to measure our debt level. Net gearing ratio is calculated by net debt divided by total equity. Net debt refers to the interest-bearing bank and other loans, net of cash and bank balances, excluding liabilities incurred for working capital purpose. Equity includes equity attributable to the owners of the Company and non-controlling interests. The net gearing ratio of the Group recorded a further decrease during the year. As at 31 December 2018 and 31 December 2017, the Group's net gearing ratio was as follows:

	2018.12.31	2017.12.31
	RMB'000	*RMB'000*
Interest-bearing bank loans	**364,452**	448,990
Less: cash and cash equivalents	**(4,502)**	(18,574)
Net debt	**359,950**	430,416
Total equity	**1,845,966**	1,865,054
Net gearing ratio	**19.5%**	23.1%

Net current liabilities

The Group's net current liabilities as at 31 December 2018 decreased significantly to RMB275.1 million as compared to the net current liabilities of RMB571.8 million as at 31 December 2017, primarily due to the decrease in short-term interest-bearing bank loans of RMB382.5 million which were restructured to longer maturity date(s). The decrease in current liabilities were offset by (i) decreases in cash and cash equivalents amounting to RMB14.1 million; (ii) decrease in inventories, trade receivables, prepayments, deposits and other receivables aggregated to RMB53.0 million; (iii) decrease in available-for-sale investments amounting to RMB6.5 million; and (iv) increases in trade payables, other payables and accruals, tax payables and contract liabilities totalling RMB12.1 million.

Going concern basis

During the year ended 31 December 2018, the Group incurred a consolidated net loss of RMB16.2 million (2017: RMB43.1 million) and had net cash flows generating from operating activities of RMB67.0 million (2017: used in operating activity RMB11.3 million). As at 31 December 2018, the Group had net current liabilities of RMB275.1 million (2017: RMB571.8 million).

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

(a) The Group has reached agreements with the bank to extend the payment term of its short-term bank loans. As at 31 December 2018, the Group's total bank loans amounted to RMB364,452,000, of which RMB66,520,000 and RMB297,932,000 will be due within twelve months from 31 December 2018 and in April 2020, respectively. The Directors have evaluated all the relevant facts available to them and are of the opinion that the Group is improving creditability with the bank by generating positive cash inflow from its operations during the year ended 31 December 2018. Meanwhile, the Group is actively exploring the availability of alternative sources of financing.

(b) The Group has budgeted and laid out its business plan for the next twelve months, and seeks to attain profits and general positive cash flows from the expansion the operation at Aung 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 consolidated financial statements of the Group for the year ended 31 December 2018 on a going concern basis.

Contingent liabilities

As at 31 December 2018, the Group did not have any outstanding material contingent liabilities or guarantees.

Significant acquisitions and disposals

During the year, no significant acquisitions or disposals of subsidiaries or associated companies were concluded.

Capital expenditure

During the year, the aggregated amount of the capital expenditure of the Group was RMB71.1 million, which was primarily due to the expenditures on the mining infrastructures, construction in process works and the property, plant and equipment for the processing plant of Aung Jiujia Mine, GPS JV Mine and Dakuangshan Mine.

Contract liabilities

As at 31 December 2018, the Group's contract liabilities amounted to approximately RMB5.0 million was primarily due to the increase in recovery efficiency in order to minimise the credit risk, therefore there was increase in short term advances from customers in relation to the delivery of concentrates at the end of the year.

Financial and other risk management

The Group's activities expose it to a variety of financial risks, including commodity price risk, foreign exchange risk, interest rate risk, credit risk and sovereign risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not entered into derivative contracts for speculative purposes during the year.

(a) Commodity price risk

The prices of lead, zinc and silver affected by numerous factors and events that are beyond the control of the Group. These metal prices change on a daily basis and can vary significantly up and down over time. The factors impacting metal prices include both broader macro-economic developments and micro-economic considerations relating more specifically to the particular metal concerned. There were no commodity hedges in place as at 31 December 2018.

(b) Foreign exchange risk

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

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

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

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

(c) ***Interest rate risk***

We are exposed to interest rate risk resulting from fluctuations in interest rates on our floating rate debt. Floating interest rates are subject to published interest rate changes in the People's Bank of China. If the People's Bank of China increases interest rates, our finance costs will increase. In addition, to the extent that we may need to raise debt financing or roll over our short-term loans in the future, any upward fluctuations in interest rates will increase the costs of new debt obligations.

(d) ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade. Counterparties are assessed on a continuing basis prior to, during and after the conclusion of transactions to ensure that exposure to credit risk is limited to acceptable levels. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure.

(e) ***Sovereign risk***

The Group has operations in Myanmar that carry higher levels of sovereign risk. Political and administrative change and reforms in law, regulations or taxation may impact the Group's future performance.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2018, the Group had a total of 227 full-time employees (31 December 2017: 136 employees) in the PRC, Myanmar and Hong Kong, including 79 management and administrative staff, 115 production staff and 33 operations support staff. During the year, staff costs (including Directors' remuneration in the form of salaries and other benefits) were approximately RMB16.0 million, representing an increase of RMB3.2 million or 25% as compared to the staff costs of RMB12.8 million for 2017 which was primarily due to the increase in our production operation scale resulting in the corresponding increase for the employees engaged. 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.

OCCUPATIONAL HEALTH AND SAFETY

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

ENVIRONMENTAL PROTECTION AND LAND REHABILITATION

No environmental claims, lawsuits, penalties or administrative sanctions were reported to management during the year. 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 year and as at the date of this announcement. The Group has also adopted and implemented environmental policies on a standard which is not less stringent than the prevailing environmental laws and regulations of the PRC and Myanmar. As at 31 December 2018, the Group has accrued a provision of RMB1.9 million, RMB5.6 million, RMB0.8million, RMB21.0 million and RMB0.9 million for the rehabilitation of the Aung Jiujia Mine, the GPS JV Mine, the Dakuangshan Mine, the Shizishan Mine and the Menghu Mine, respectively.

STRATEGY AND OUTLOOK

The Belt and Road Initiative brings new historic opportunities for the Group’s long term sustainable development. The Group will continue to adhere to the concept of sustained and steady development, actively explore the emerging market in Myanmar, continue to accelerate the development of our Myanmar projects, prudently grasp the overseas merger and acquisition opportunities, expand the scale of mineral resources, and further diversify the businesses and create more new profit growth points for the Group. Looking forward, the Group will continue to enhance the quality and effectiveness of its operations, management and control systems, continue to strengthen our focuses on health, safety and environmental issues, so as to build a large-scale, profitable polymetallic mining company that maximizes the return to the shareholders.

OTHER INFORMATION

Annual General Meeting

The 2019 annual general meeting of the Company will be held on Friday, 17 May 2019 (the "**2019 AGM**"). A notice convening the 2019 AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Articles of Association and the Listing Rules in due course.

Closure of Register of Members

To determine the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Friday, 10 May 2019 to Friday, 17 May 2019 (both days inclusive), during which period no share transfers of the Company will be registered. In order to be eligible to attend and vote at the 2019 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 9 May 2019.

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

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Practices

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 year, 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 with all Directors, each of the Directors has confirmed that he has complied with the required standard as set out in the Model Code during the year ended 31 December 2018.

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 possess 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 year ended 31 December 2018.

Contracts of Significance

Save as disclosed in this announcement, no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a controlling shareholder of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted during the year ended 31 December 2018.

Directors' Interests in Transactions, Arrangements or Contracts

No Director nor any connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party at any time during the year.

Audit Committee

The Audit Committee was established by the Board at the time of the listing of the Company's shares on the Hong Kong Stock Exchange on 14 December 2011.

During the period from 13 December 2017 to 5 March 2018, the Audit Committee comprised only two members. The number of Audit Committee members fell below the minimum number as required under Rule 3.21 of the Listing Rules. The Board has appointed Mr. Dong Tao as a member of the Audit Committee on 5 March 2018 to fill the vacancy.

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 annual results of the Group for the year ended 31 December 2018.

Financial Information

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2018, but represents an extract from the consolidated financial statements for the year ended 31 December 2018 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the Audit Committee and approved by the Board.

Publication of Information on the Hong Kong Stock Exchange's Website and the Company's Website

This annual results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.chinapolymetallic.com), and the annual report of the Company for the year ended 31 December 2018 containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

Past Performance and Forward Looking Statements

Performance and results of the operations of the Company for previous years described within this announcement are historical in nature. Past performance is no guarantee of the future results of the Company. This announcement 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 announcement; 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"	an open pit and underground lead mine located at Depanbing Village, Ruian County, Shan State, Myanmar which is owned by Harbor Star
"Ag"	the chemical symbol for silver
"Articles of Association"	the articles of association of the Company, conditionally adopted on 24 November 2011 and as amended from time to time
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules, as amended from time to time
"China" or "PRC" or "Mainland China"	the People's Republic of China which, for the purpose of this 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
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time

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

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

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Liziping Company"	Nujiang Shengjia Chengxin Industrial Company Ltd. (怒江州聖佳誠信實業有限公司), an indirect non-wholly owned subsidiary of the Company
"Liziping Mine"	a lead-zinc-copper-silver polymetallic mine located at Lanping County of Yunnan Province, China which is owned by Liziping Company
"Lushan Mine"	a tungsten-tin polymetallic ore mine located in Yingjiang County, Yunnan Province, the PRC, owned by Xiangcaopo Mining, an independent third party
"Menghu Company"	Meng La Chen Feng Mining Development Company Limited (勐臘縣宸豐礦業開發有限公司), an indirect wholly owned subsidiary of the Company
"Menghu Mine"	an underground lead-zinc polymetallic mine located at Mengla County of Yunnan Province, China which is owned by Menghu Company
"mineral resource(s)" or "resource(s)"	a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction, as defined in the JORC Code. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into "inferred," "indicated," and "measured" categories
"MMK"	Kyats, the lawful currency of Myanmar
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

"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
"Prospectus"	the prospectus of the Company dated 2 December 2011 and issued in connection with the IPO
"RMB"	the lawful currency of the PRC
"SG$"	the lawful currency of Singapore
"Shareholder(s)"	shareholder(s) of the Company
"Shizishan Mine"	an underground lead-zinc-silver polymetallic mine located at Yingjiang County of Yunnan Province, China which is owned by Kunrun
"sq. km."	square kilometre
"t"	tonne
"the Group"	the Company and its subsidiaries
"tpd"	tonnes per day
"US$" or "USD"	United States dollar(s), the lawful currency of the United States

"Xiangcaopo Mining"	Yunnan Xiangcaopo Mining Co., Ltd (雲南香草坡礦業有限公司), a limited liability company in the PRC, currently wholly owned by Li Jincheng, an independent third party
"Zn"	the chemical symbol for Zinc
"%"	per cent.

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

By Order of the Board
China Polymetallic Mining Limited
Lei Dejun
Executive Director

Hong Kong, 19 February 2019

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.