China Vanadium Titano-Magnetite Mining Company Limited
中國釩鈦磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00893)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

- The Group has changed its accounting policy in relation to stripping costs as a result of the newly adoption of the International Financial Reporting Interpretations Committee No. 20 *Stripping Costs in the Production Phase of a Surface Mine* ("IFRIC 20"), which is effective for annual periods beginning on or after 1 January 2013. The requirements in accordance with the IFRIC 20 differ from the Group's previous policies. Based on the IFRIC 20, the Group made new judgment on the predecessor stripping assets listed in the consolidated statement of financial position. The predecessor stripping assets were reclassified as a non-current asset, referred to as a stripping activity asset to the extent that there remains an identifiable component of the ore body and the remaining balance of the predecessor stripping assets was written off as they were related to no identifiable component of the ore body. At the same time, in accordance with the IFRIC 20, the related adjustment is accounted into opening balance of retained earnings of the earliest period presented. Hence, certain comparative figures of the financial information has been restated accordingly.

- The Group's revenue amounted to approximately RMB1,429.9 million for the year ended 31 December 2013, representing a decrease of RMB103.8 million or 6.8% as compared to approximately RMB1,533.7 million in 2012.

- Profit and total comprehensive income attributable to the owners of the Company for the year ended 31 December 2013 was approximately RMB179.1 million, representing a decrease of RMB254.6 million or 58.7% as compared to approximately RMB433.7 million in 2012.

- The basic and diluted earnings per Share attributable to ordinary equity holders of the Company amounted to approximately RMB0.09 for the year ended 31 December 2013, representing a decrease of RMB0.12 or 57.1% as compared to approximately RMB0.21 in 2012.

- The Board recommended the payment of a final dividend of HK$0.022 per Share (equivalent to approximately RMB0.017 per Share) for the year ended 31 December 2013 (2012: Nil).

The Board is pleased to announce the audited consolidated results of the Company for the year ended 31 December 2013 together with the restated comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000 (Restated)
REVENUE	3	**1,429,875**	1,533,732
Cost of sales		**(925,372)**	(799,700)
Gross profit		**504,503**	734,032
Other income and gains	4	**100,268**	64,360
Selling and distribution expenses		**(50,665)**	(45,921)
Administrative expenses		**(152,575)**	(118,139)
Other expenses		**(38,094)**	(20,576)
Finance costs	5	**(98,613)**	(42,599)
Share of profits and losses of joint ventures		**1,352**	517
PROFIT BEFORE TAX	6	**266,176**	571,674
Income tax expense	7	**(83,704)**	(130,435)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**182,472**	441,239
Attributable to:			
Owners of the Company		**179,135**	433,679
Non-controlling interests		**3,337**	7,560
		182,472	441,239
Earnings per Share attributable to ordinary equity holders of the Company:			
Basic and diluted	8	**RMB0.09**	RMB0.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	**31 December 2013 RMB'000**	31 December 2012 RMB'000 (Restated)	1 January 2012 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**1,745,221**	1,778,789	1,726,804
Intangible assets		**586,402**	574,095	578,525
Prepaid land lease payments		**43,388**	49,451	50,678
Investments in joint ventures		**3,390**	12,031	584
Financial assets at fair value through profit or loss		**275,310**	239,272	207,942
Prepayments and deposits	*9*	**50,681**	50,835	54,471
Payments in advance	*10*	**200,577**	202,095	165,712
Goodwill		**15,318**	15,318	15,318
Deferred tax assets		**75,987**	68,333	63,934
Total non-current assets		**2,996,274**	2,990,219	2,863,968
CURRENT ASSETS				
Inventories		**141,663**	180,024	137,333
Trade and bills receivables	*11*	**385,339**	109,053	134,418
Prepayments, deposits and other receivables	*9*	**234,775**	68,801	83,431
Investment in a joint venture		**9,993**	–	–
Due from related parties		**600**	733	600
Pledged time deposits		**441,853**	268,783	111,993
Cash and cash equivalents		**1,295,018**	1,649,146	946,830
Total current assets		**2,509,241**	2,276,540	1,414,605
CURRENT LIABILITIES				
Trade and bills payables	*12*	**944,490**	816,558	341,192
Other payables and accruals	*13*	**293,156**	345,754	278,779
Commercial paper liabilities	*14*	**150,000**	150,000	–
Interest-bearing bank and other loans	*15*	**362,439**	317,283	321,514
Due to related parties		**8,514**	33,735	85,681
Tax payable		**66,950**	112,425	89,655
Dividend payable		**1,801**	1,801	1,801
Total current liabilities		**1,827,350**	1,777,556	1,118,622
NET CURRENT ASSETS		**681,891**	498,984	295,983
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,678,165**	3,489,203	3,159,951

	Notes	**31 December 2013** *RMB'000*	31 December 2012 *RMB'000* (Restated)	1 January 2012 *RMB'000* (Restated)
NON-CURRENT LIABILITIES				
Interest-bearing bank and other loans	*15*	**50,800**	79,000	101,200
Provision for rehabilitation		**8,748**	8,188	7,664
Deferred income		**4,000**	4,000	9,574
Other payables	*13*	**650**	750	500
Total non-current liabilities		**64,198**	91,938	118,938
Net assets		**3,613,967**	3,397,265	3,041,013
EQUITY				
Equity attributable to owners of the Company				
Issued capital	*16*	**182,787**	182,787	182,787
Reserves	*18*	**3,362,363**	3,185,041	2,713,924
Proposed final dividend	*19*	**36,043**	–	122,425
		3,581,193	3,367,828	3,019,136
Non-controlling interests		**32,774**	29,437	21,877
Total equity		**3,613,967**	3,397,265	3,041,013

NOTES TO FINANCIAL STATEMENTS

31 December 2013

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 April 2008 under the Companies Law. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 2201, 22/F, Wheelock House, 20 Pedder Street, Central, Hong Kong.

During the year ended 31 December 2013, the Group were principally engaged in the business of mining, ore processing, iron pelletising, sale of vanadium-bearing iron concentrates, ordinary iron concentrates, iron pellets and titanium concentrates and management of strategic investments. There were no significant changes in the nature of the Group's principal activities during the year.

In the opinion of the Directors, Trisonic International, a company incorporated in Hong Kong, is the parent and ultimate holding company of the Company.

2.1 BASIS OF PRESENTATION

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. These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. 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 parent of the Group 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 in the accounting policy for subsidiaries below. 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 earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Government Loans*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition Guidance*
IFRS 13	*Fair Value Measurement*
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
IAS 19 (Revised)	*Employee Benefits*
IAS 27 (Revised)	*Separate Financial Statements*
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs issued in May 2012

Other than as further explained below regarding the impact of IFRIC 20, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting IFRIC 20 are as follows:

IFRIC 20 addresses the recognition of waste removal costs that are incurred in surface mining activity during the production phase of a mine as an asset, as well as the initial measurement and subsequent measurement of the stripping activity asset. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the costs incurred are accounted for in accordance with IAS 2 *Inventories*. To the extent that the benefit is improved access to ore and when criteria set out in the interpretation are met, the waste removal costs are recognised as a stripping activity asset under non-current assets. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part. When the costs of the stripping activity asset and the inventory produced are not separately identifiable, production stripping costs are allocated between the inventory produced and the stripping activity asset by using an allocation basis that is based on a relevant production measure.

Prior to the adoption of IFRIC 20, the Group deferred and capitalised advanced stripping costs incurred during the production stage of its operations and allocated those costs to the production derived in the subsequent year. The Group adopted the specific identification approach where the deferred stripping costs were allocated to the quantity of mineral ore that became accessible. The deferred stripping costs were capitalised as "Advanced stripping fees" under "Prepayments, deposits and other receivables" in the consolidated statement of financial position and amortised when the related mineral ore was extracted.

The requirements of IFRIC 20 differ from the Group's previous policies in that only waste stripping costs which provide improved access to ore can be capitalised when certain criteria are met, and the capitalisation and amortisation of waste stripping costs is undertaken at the level of individual deposits or components. In addition, specific transitional rules are provided to deal with any opening deferred stripping balances recognised under the previous accounting policies.

As a result of adoption of IFRIC 20, any previously recognised asset balance that resulted from stripping activity undertaken during the production phase (predecessor stripping asset) is reclassified as a part of an existing asset to which the stripping activity related, to the extent that there remains an identifiable component of the ore body with which the predecessor stripping asset can be associated. Such balances are then depreciated or amortised over the remaining expected useful life of the identified component of the ore body to which each predecessor stripping asset balance relates. If there is no identifiable component of the ore body to which the predecessor asset relates, it has been written off through opening retained earnings at the beginning of the earliest period presented. IFRIC 20 has been applied by the Group prospectively to production stripping costs incurred on or after the beginning of the earliest period presented.

The impact on the consolidated statements of financial position:

	Intangible assets *RMB'000*	**Advanced stripping fees** *RMB'000*	**Deferred tax assets** *RMB'000*	**Reserves** *RMB'000*
At 1 January 2012 as previously reported	576,901	241,417	3,986	2,893,769
Effect on the adoption of IFRIC 20	1,624	(241,417)	59,948	(179,845)
At 1 January 2012 as restated	578,525	–	63,934	2,713,924
At 31 December 2012 as previously reported	566,302	206,737	18,597	3,334,249
Effect on the adoption of IFRIC 20	7,793	(206,737)	49,736	(149,208)
At 31 December 2012 as restated	574,095	–	68,333	3,185,041

The impact on the consolidated statement of profit or loss and other comprehensive income:

	Decrease in cost of sales *RMB'000*	**Increase in income taxes** *RMB'000*	**Increase in profit for the year** *RMB'000*
For the year ended 31 December 2012	40,850	(10,212)	30,638

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

IFRS 9	*Financial Instruments*[3]
IFRS 9, IFRS 7 and IAS 39 Amendments	*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*[3]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) – *Investment Entities*[1]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurements – Novation of Derivatives and Continuation of Hedge Accounting*[1]
Annual Improvements 2010 – 2012 Cycle	Amendments to a number of IFRSs issued in December 2013[4]
Annual Improvements 2010 – 2013 Cycle	Amendments to a number of IFRSs issued in December 2013[2]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRIC 21	*Levies*[1]

[1] *Effective for annual periods beginning on or after 1 January 2014*
[2] *Effective for annual periods beginning on or after 1 July 2014*
[3] *No mandatory effective date yet determined but is available for adoption*
[4] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions*
[5] *Effective for first annual IFRS financial statements beginning on or after 1 January 2016*

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

In October 2010, the IASB issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In November 2013, the IASB added to IFRS 9 the requirements related to hedge accounting and made some related changes to IAS 39 and IFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to IFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to IFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other IFRS 9 requirements at the same time.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of IFRS 9 was removed by the IASB in November 2013 and a mandatory effective date will be determined after the entire replacement of IAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standards including all phases is issued.

The amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (Revised). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in IFRS 10.

The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The IAS 36 Amendments remove the unintended disclosure requirement made by IFRS 13 on the recoverable amount for each cash-generating unit to which goodwill or intangible assets with indefinite useful lives had been allocated when they are not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group expects to adopt the amendments from 1 January 2014.

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, net of various types of government surcharges.

The Group's revenue and contribution to profit are mainly derived from its sale of vanadium bearing iron concentrates, ordinary iron concentrates, iron pellets and high-grade titanium concentrates, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. In addition, the principal non-current assets employed by the Group are located in Sichuan.

Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

Information about products

The following table sets forth the total revenue from external customers by product and the percentage of total revenue by product during the year:

	2013		2012	
	RMB'000	***%***	*RMB'000*	*%*
Self-produced products:				
Vanadium-bearing iron concentrates	**1,102,796**	**77.1**	872,719	56.9
Ordinary iron concentrates	**56,538**	**4.0**	69,535	4.5
Iron pellets	**32,627**	**2.3**	417,307	27.2
Medium-grade titanium concentrates	**–**	**–**	476	0.1
High-grade titanium concentrates	**140,008**	**9.8**	173,695	11.3
Trading of iron products	**97,906**	**6.8**	–	–
	1,429,875	**100.0**	1,533,732	100.0

Geographical information

All external revenue of the Group during each of the two years ended 31 December 2013 and 2012 was attributable to customers located in the PRC, the place of domicile of the Group's operating entities. The Group's non-current assets are all located in the PRC.

Information about major customers

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

	2013	2012
	RMB'000	*RMB'000*
Customer A	**335,608**	329,597
Customer B	**247,249**	234,717
Customer C	**212,480**	255,163
Customer D	**215,658**	182,223
Customer E	**209,455**	233,035

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2013 *RMB'000*	2012 *RMB'000*
Bank interest income	**56,037**	28,910
Sale of raw materials	**2,368**	3,885
Government grants*	**674**	6
Gain on the disposal of a prepaid land lease payment	**55**	–
Fair value gains on financial assets at fair value through profit or loss	**36,038**	31,330
Iron pellets processing fee	**4,424**	–
Miscellaneous	**672**	229
Total other income and gains	**100,268**	64,360

* *There were no unfulfilled conditions or contingencies relating to these grants.*

5. FINANCE COSTS

	2013 *RMB'000*	2012 *RMB'000*
Interest on bank and other loans wholly repayable within five years	**20,657**	25,104
Interest on short term commercial papers	**12,058**	290
Interest on discounted bills receivable	**66,934**	15,195
Unwinding of discount on provision	**560**	524
	100,209	41,113
Less: interest capitalised to property, plant and equipment	**(577)**	(674)
	99,632	40,439
Transaction fee on issuance of commercial paper	**735**	706
Foreign exchange (gains)/losses, net	**(3,011)**	694
Others	**1,257**	760
	98,613	42,599
Interest rates of borrowing costs capitalised	**7.04%**	7.04% to 7.59%

6. PROFIT BEFORE TAX

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

	Notes	2013 *RMB'000*	2012 *RMB'000* (Restated)
Cost of inventories sold		**925,372**	799,700
Staff costs (including Directors' and chief executive's remuneration):			
Wages and salaries		**73,832**	71,805
Welfare and other benefits		**19,832**	18,540
Equity-settled share option expense	*17*	**12,730**	28,307
Pension scheme contributions			
– Defined contribution fund		**13,459**	10,150
Housing fund			
– Defined contribution fund		**601**	526
Total staff costs		**120,454**	129,328
Depreciation		**145,218**	117,773
Amortisation of intangible assets		**40,656**	30,927
Amortisation of prepaid land lease payments		**1,205**	1,227
Depreciation and amortisation expenses		**187,079**	149,927
Minimum lease payments under operating leases:			
– Land		**127**	108
– Office		**1,691**	1,298
Auditors' remuneration		**3,800**	3,500
Prepaid technical fee released to profit or loss	*9(a)*	**4,133**	4,133
Write-off of property, plant and equipment		**1,389**	–
Loss on disposal of items of property, plant and equipment		**5,535**	–
Impairment of property, plant and equipment		**–**	11,253
Reversal of write-down of inventories to net realisable value		**–**	(24)

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group was not subject to any income tax in the Cayman Islands and the BVI during the two years ended 31 December 2013.

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 two years ended 31 December 2013.

The provision for PRC corporate income tax ("CIT") is based on the respective PRC CIT rates applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of Mainland China for the year. Except for certain PRC subsidiaries (see below) that are entitled to a preferential income tax rate, PRC subsidiaries are subject to the PRC CIT rate of 25% during the two years ended 31 December 2013.

The major components of income tax expense are as follows:

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Current – the PRC		
Charge for the year	**73,997**	134,834
Under provision in prior year	**17,361**	–
Deferred	**(7,654)**	(4,399)
Income tax expense for the year	**83,704**	130,435

Except for Aba Mining which enjoyed a preferential tax rate of 15% according to the "Western Development Policy", the other subsidiaries of the Group located in Mainland China are liable to PRC CIT at a rate of 25% on the assessable profits generated for the year.

Pursuant to the approval document issued by the Tax Bureau of Huili County on 4 September 2012, Xiushuihe Mining was entitled to a preferential tax rate of 15% in 2012 according to the "Western Development Policy". In May 2013, the Tax Bureau of Huili County notified Xiushuihe Mining that Xiushuihe Mining could only enjoy the preferential tax rate of 15% if Xiushuihe Mining further obtains a confirmation from the Sichuan Provincial Economic and Information Commission (the "SPEIC") that the business operations of Xiushuihe Mining fall within the encouraged industries listed in the catalogue of encouraged industries in the western region of China. As Xiushuihe Mining failed to obtain the aforesaid confirmation from the SPEIC, the underprovided income tax for the year ended 31 December 2012 of RMB17,361,000 was recorded in the income tax expense for the year.

The share of tax attributable to joint ventures amounting to RMB543,000 (2012: RMB447,000) is included in "Share of profits and losses of joint ventures" in profit or loss.

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

The calculation of basic earnings per Share is based on the profit for the year attributable to ordinary equity holders of the Company, and the number of ordinary Shares of 2,075,000,000 (2012: 2,075,000,000) in issue during the year ended 31 December 2013.

No adjustment has been made to the basic earnings per Share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the exercise prices of the Company's outstanding share options were higher than the average market price for the Company's Shares during the current and prior year.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	Group 2013 RMB'000	2012 RMB'000 (Restated)
Current portion:			
Prepayments consisting of:			
Prepaid technical service fee	*(a)*	**4,133**	4,133
Purchase of raw materials		**1,240**	3,016
Utilities		**4,263**	6,764
Prepayment for the use right of a road	*(b)*	**45**	35
Purchase of iron concentrates	*(c)*	**148,677**	–
Prepayment for acquisition of an associate	*(d)*	**34,890**	–
Other prepayments		**3,994**	2,286
Bidding deposit	*(e)*	**14,000**	27,000
Interest income receivable		**19,077**	10,039
Other receivables consisting of:			
Consideration in respect of disposal of the old iron pelletising plant		**1,266**	–
From independent third party processing contractors		**–**	9,467
Compensation		**–**	2,452
Other receivables		**3,190**	3,609
		234,775	68,801
Non-current portion:			
Prepaid technical service fee	*(a)*	**41,334**	45,467
Prepayment for the use right of a road	*(b)*	**874**	919
Compensation receivable		**2,452**	–
Long-term environmental rehabilitation deposits	*(f)*	**6,021**	4,449
		50,681	50,835
		285,456	119,636

Notes:

(a) The balance represented a technical service support fee for a period of 15 years ending on 31 December 2024 prepaid to Sichuan Nanjiang Mining Co., Ltd. ("Nanjiang"), an independent third party, by Xiushuihe Mining. The prepaid technical support fee is released to profit or loss according to the straight-line method based on the terms of technical service to be provided by Nanjiang with a yearly technical service fee of appropriately RMB4.1 million.

During the year, the prepaid technical service fee released to profit or loss amounted to RMB4,133,000 (2012: RMB4,133,000).

(b) The balance represented a payment made to Xinqiao Mining Co., Ltd. for the right to use a pavement road connecting to Maoling-Yanglongshan Mine for 30 years ending 22 August 2040 at a consideration of approximately RMB1,035,000. The prepayment for the right of using the road recorded as the current portion represented the amount to be released to profit or loss in the next 12 months from 31 December 2013.

(c) The balance represented prepayment made to an independent third party in respect of the purchase of ordinary iron concentrates which entitle the Group to a 5% discount on the purchase price as compared to the prevailing market price of the ordinary iron concentrates.

(d) The balance represented prepayment made for acquiring the 30% equity interests in Yuechuan Mining. On 3 March 2014, Huili Caitong and the shareholders of Yuechuan Mining decided to wind-up Yuechuan Mining due to the uncertainty on the timing to obtain necessary mining permit for its operation and the additional expenses that would be incurred to reach the stage of commercial production.

(e) The balance as at 31 December 2013 represented the deposits paid in respect of cultivated land compensation. The balance as at 31 December 2012 represented the bidding deposit paid for an exploration right for a nickel and cobalt mine, which was refunded to the Group in March 2013 as the Group did not succeed in the bidding.

(f) The long-term deposits represented environmental deposits made to the government in respect of the Group's rehabilitation obligations for the closure of mines and are not expected to be refunded within twelve months from 31 December 2013.

None of the above assets is either past due or impaired. The financial assets included in the "Other receivables" above related to receivables for which there was no recent history of default.

10. PAYMENTS IN ADVANCE

	Group	
	2013	2012
	RMB'000	*RMB'000*
In respect of:		
Purchase of machinery and equipment	**577**	2,095
Acquisition of a subsidiary	**200,000**	200,000
	200,577	202,095

11. TRADE AND BILLS RECEIVABLES

	Group	
	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**381,535**	109,053
Bills receivable	**3,804**	–
	385,339	109,053

The Group's trading terms with its customers are mainly on credit, except for customers of titanium products, where full payment in advance of delivery is required. The Group temporarily extended the credit term offered to the existing customers from one month to three months since July 2013 given the unfavourable market conditions. In view of the fact that the Group sells most of its products to a small number of customers, there is a high level of concentration of credit risk. The Group maintains strict control over the settlements of its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. The Group does not hold any collateral or other credit enhancements over trade receivables. Trade receivables are non-interest-bearing and unsecured.

Based on the invoice date, all trade receivables of the Group at the end of the reporting period were aged within three months and were neither past due nor impaired.

As at 31 December 2013, the Group endorsed certain bills receivable accepted by banks in the PRC to certain of its suppliers in order to settle the trade payables to these suppliers with a carrying amount in aggregate of RMB226,480,000 (2012: RMB346,797,000); furthermore, as at 31 December 2013, the Group discounted certain bills receivable accepted by banks in the PRC, with a carrying amount in aggregate of RMB410,342,000 (2012: RMB245,666,000) (collectively referred to as the "Derecognised Bills"). The Derecognised Bills have a maturity from three to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated advances on discounting and trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equal to their face amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year, the Group has recognised interest expense of RMB66,934,000 (2012: RMB15,195,000) *(note 5)* on discounted bills receivable. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and discount of bills receivable have been made evenly throughout the year.

12. TRADE AND BILLS PAYABLES

	Group	
	2013	2012
	RMB'000	*RMB'000*
Trade payables	**287,070**	423,283
Bills payable	**657,420**	393,275
	944,490	816,558

An aged analysis of the trade and bills payables of the Group as at the end of the reporting period, based on the invoice date or issuance date, where appropriate, is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Within 180 days	**807,852**	666,244
181 to 365 days	**62,974**	76,114
1 to 2 years	**61,449**	64,616
2 to 3 years	**11,545**	9,059
Over 3 years	**670**	525
	944,490	816,558

Trade payables of the Group are non-interest-bearing and are normally settled within 180 days. The bills payable have a maturity period of 180 days.

As at 31 December 2013, the Group's bills payable of RMB657,420,000 (2012: RMB393,275,000) were secured by pledged bank balances.

As at 31 December 2013, the Group's bills payable include an amount of RMB496,650,600 (2012: RMB277,830,000) relating to bills issued by the Group's subsidiaries and held by banks.

13. OTHER PAYABLES AND ACCRUALS

	Group	
	2013	2012
	RMB'000	*RMB'000*
Current portion:		
Advances from customers	**9,202**	62,926
Payables related to:		
Construction in progress	**128,351**	140,515
Taxes other than income tax	**42,617**	14,898
Payroll and welfare payable	**30,999**	34,563
Mining cost and exploration right and assets	**165**	4,034
Huili County Hailong Mining Development Co., Ltd.	**27,000**	27,000
Yanbian County Hongyuan Mining Co., Ltd.	**14,500**	26,977
Consultancy and professional fees	**5,079**	5,020
Deposits received	**616**	1,649
Land occupation compensation payables	**3,692**	9,396
Accrued government surcharges	**17,674**	12,091
Accrued price adjustment fund	**6,503**	3,502
Accrued interest expenses	**3,654**	290
Other payables	**3,104**	2,893
	293,156	345,754
Non-current portion:		
Other payables	**650**	750
	293,806	346,504

14. COMMERCIAL PAPER LIABILITIES

Huili Caitong obtained the approval from the National Association of Financial Market Institutional Investors for issuance of short-term commercial papers. The registered cap amount of commercial papers eligible for issuance by Huili Caitong is aggregated to RMB700 million with an effective period of two years since the date of approval (i.e., 7 December 2012).

The balance as at 31 December 2013 represented the second tranche of one-year commercial papers of RMB150 million issued by Huili Caitong on 4 September 2013, bearing a nominal interest rate of 7.5% per annum.

The balance as at 31 December 2012 represented the first tranche of one-year commercial papers of RMB150 million issued by Huili Caitong on 19 December 2012, bearing a nominal interest rate of 5.8% per annum, which had been fully repaid on 19 December 2013.

15. INTEREST-BEARING BANK AND OTHER LOANS

		Group	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
Bank loans:			
Secured	*(a)*	**138,239**	94,283
Unsecured	*(b)*	**255,000**	250,000
Guaranteed	*(c)*	**16,000**	48,000
Other loans, unsecured	*(d)*	**4,000**	4,000
		413,239	396,283
Bank loans repayable:			
Within one year or on demand		**359,239**	317,283
In the second year		**25,000**	25,000
In the third to fifth years, inclusive		**25,000**	50,000
		409,239	392,283
Unsecured other loans repayable:			
Within one year or on demand		**3,200**	–
In the second year		**800**	3,200
In the third to fifth years, inclusive		**–**	800
		4,000	4,000
Total bank and other loans		**413,239**	396,283
Balances classified as current liabilities		**(362,439)**	(317,283)
Balances classified as non-current liabilities		**50,800**	79,000

Notes:

(a) As at 31 December 2013, the bank loans were secured by the pledge of time deposits of RMB150,000,000 (2012: RMB100,000,000) by the Group. Bank loans of RMB91,453,000 bear interest at the rate of 1.5% per annum above the prevailing Cost of Funds (2012: 2% per annum over the prevailing LIBOR). The remaining bank loans of RMB46,786,000 granted by China Merchants Bank Co., Ltd ("CMB") to the Group on 24 April 2013 bear interest at the rate of 1.45% per annum over LIBOR (2012: Not applicable).

(b) As at 31 December 2013, Huili Caitong had unsecured interest-bearing bank loans of RMB225,000,000 (2012: RMB250,000,000) from China Construction Bank ("CCB") Xichang Yuecheng branch at fixed rates ranging from 6.0% to 7.05% (2012: 5.81% to 7.05%) per annum. In accordance with the bank loan agreements entered into between Huili Caitong and CCB Xichang Yuecheng branch, Huili Caitong agreed not to mortgage or pledge Huili Caitong's mining rights to Baicao Mine and the iron concentrates production line with annual production capacity of 500,000 tonnes to any other parties, and CCB Xichang Yuecheng branch will be entitled to a pre-emption right in the event of such mortgage or pledge.

As at 31 December 2013, Aba Mining had one-year interest-bearing bank loans from CCB Aba branch of RMB30,000,000 (2012: Not applicable), bearing interest at the fixed rates of 6.6% per annum. In accordance with the bank loan agreements entered into between Aba Mining and CCB Aba branch, Aba Mining agreed not to mortgage or pledge Aba Mining's mining rights to any other parties, and CCB Aba branch will be entitled to a pre-emption right in the event of such mortgage or pledge.

(c) As at 31 December 2013, Aba Mining had long-term interest-bearing bank loans from CCB Aba branch of RMB16,000,000 (2012: RMB48,000,000), bearing interest at the fixed rate of 7.04% (2012: 6.94% to 7.32%) per annum which are due for repayment within one year. These long-term bank loans from CCB Aba branch were jointly guaranteed by Chengyu Vanadium Titano and Chuanwei for nil consideration.

(d) Other loans represented interest-bearing loans granted by Wenchuan County State Assets Investment Co., Ltd. to Aba Mining for the reconstruction of production plants affected by the earthquake in May 2008. Other loans are unsecured and bear interest at the fixed rate of 5.76% per annum (2012: 5.76%), of which RMB1,200,000, RMB2,000,000 and RMB800,000 are due for repayment in January 2014, November 2014 and July 2015, respectively.

16. SHARE CAPITAL

Shares

	2013	2012
	RMB'000	*RMB'000*
Authorised:		
10,000,000,000 (2012: 10,000,000,000) ordinary shares of HK$0.1 each	**880,890**	880,890
Issued and fully paid:		
2,075,000,000 (2012: 2,075,000,000) ordinary shares of HK$0.1 each	**182,787**	182,787

There was no change in the authorised and issued capital of the Company during the two years ended 31 December 2013.

17. SHARE OPTION SCHEMES

On 4 September 2009, the Company operated a share option scheme (the "Old Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Old Option Scheme include the Company's Directors including non-executive Directors, and other employees of the Group.

On 15 April 2010, the Company operated a new share option scheme (the "New Option Scheme"), and simultaneously terminated the operation of the Old Option Scheme (such that, no further options shall thereafter be offered under the Old Option Scheme but in all other respects the provisions of the Old Option Scheme shall remain in force and effect). Eligible participants of the New Option Scheme include Directors, chief executives, substantial Shareholders or employees (whether full time or part time) of any member of the Group and any persons whom the Directors consider, at their sole discretion, have contributed or will contribute to the development and growth of the Group. The New Option Scheme will remain in force for 10 years from that date, unless otherwise cancelled or amended.

The maximum number of the Company's Shares in respect of which options may be granted under the New Option Scheme and any other schemes of the Company shall not, in aggregate, exceed 207,500,000 shares, being 10% of the total number of Shares of the Company in issue on the adoption date of the New Option Scheme. The maximum number of Shares issued and which may fall to be issued upon exercise of the options granted and to be granted under the New Option Scheme to each eligible participant in the New Option Scheme within any 12-month period is limited to 1% of the Shares of the Company in issue as of the date of grant. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

Share options granted to Directors, chief executives, substantial Shareholders or any of their respective associates are subject to approval by the independent non-executive Directors (excluding the independent non-executive Directors who are the grantees of the options). In addition, for any grant of share options to substantial Shareholders or independent non-executive Directors or to any of their respective associates, in excess of 0.1% of the Shares of the Company in issue on the date of offer and with an aggregate value (based on the closing price of the Company's Shares quoted on the Stock Exchange at the date of grant) in excess of HK$5 million, such grant made within any 12-month period from the date of grant (inclusive) would be subject to Shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors that no option may be exercised more than 10 years from the date of grant.

The exercise price of share options is determinable by the Board of Directors, but may not be less than the highest of (i) the nominal value of Shares of the Company; (ii) the average closing price of the Company's Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of the share options; and (iii) the closing price of the Company's Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the share options.

The exercise price and exercise period of the share options outstanding as at 31 December 2013 and 31 December 2012 are as follows:

Number of options *'000*	**Exercise price per Share** *HK$*	**Exercise period**
10,100	5.05	29 June 2012 to 28 December 2019
10,100	5.05	29 December 2014 to 28 December 2019
4,700	4.99	1 October 2012 to 31 March 2020
4,700	4.99	1 April 2015 to 31 March 2020
27,300	3.60	23 May 2013 to 22 May 2021
56,900		

The Group has 42,100,000 share options exercisable as at 31 December 2013 (2012: 14,800,000) and the weighted average exercise price was HK$4.10 per Share (2012: HK$5.03).

The Group recognised a share option expense of HK$14,770,000 (equivalent to approximately RMB12,730,000) during the year ended 31 December 2013 (2012: HK$32,953,000 equivalent to approximately RMB28,307,000).

The fair values of equity-settled share options granted were estimated and valued by independent professional valuers as at the dates of grant, using the Binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the major inputs to the model used:

	Equity-settled share options granted on		
	23 May 2011	1 April 2010	29 December 2009
Dividend yield *(%)*	**2.07**	1.36	1.41
Expected volatility *(%)*	**62.40**	66.40	68.56
Risk-free interest rate *(%)*	**2.430**	2.788	2.652

At 31 December 2013, the Company had 29,600,000 share options outstanding under the Old Option Scheme and 27,300,000 share options outstanding under the New Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 56,900,000 additional ordinary Shares of the Company and additional share capital of HK$5,690,000 and share premium of HK$241,506,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 56,900,000 share options outstanding, which represented approximately 2.74% of the Company's Shares in issue as at that date.

18. RESERVES

(a) Share premium account

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

(b) Statutory reserve fund

In accordance with the Company Law of the PRC and the respective articles of association of subsidiaries domiciled in the PRC (the "PRC Subsidiaries"), each of the PRC Subsidiaries other than Huili Caitong and Lingyu is required to allocate 10% of its profits after tax, as determined in accordance with the PRC Generally Accepted Accounting Principles (the "PRC GAAP"), to the statutory surplus reserve (the "SSR") until such reserve reaches 50% of its registered capital.

As Lingyu is a wholly-foreign-owned enterprise, allocation to SSR is not required. According to the Rules for the Implementation of Foreign-funded Enterprise Law of the PRC and the articles of association of Lingyu, Lingyu is required to allocate 10% of its profit after tax in accordance with the PRC GAAP to the statutory reserve fund (the "SRF") until such reserve reaches 50% of its registered capital.

As Huili Caitong is a foreign investment enterprise, allocation to the SRF is subject to the board resolution according to Huili Caitong's articles of association.

The SSR and the SRF are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations. They can be used to offset accumulated losses or capitalised as paid-up capital.

(c) Contributed surplus

The contributed surplus represented the difference between the nominal value of the Company's Shares issued in exchange of or consideration paid for subsidiaries acquired and the aggregate amount of the nominal value of the paid-up capital of these subsidiaries attributable to the owners of the Company for business combinations under common control.

(d) Safety fund surplus reserve

Pursuant to a Notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC in February 2012, the Group is required to establish a safety fund surplus reserve based on volume of mineral ore extracted. The safety fund can only be transferred to retained earnings to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

(e) Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained earnings should the related options expire or be forfeited.

19. DIVIDENDS

Dividends attributable to the year

At a meeting of the Directors held on 17 March 2014, the Directors proposed a final dividend of HK$0.022 per Share (equivalent to approximately RMB0.017 per Share amounting to approximately RMB36.0 million) for the year ended 31 December 2013 (2012: Nil).

The proposed final dividend for the year ended 31 December 2013 is subject to the approval of the shareholders at the 2014 AGM and is included in the proposed final dividend within equity of the statement of financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During 2013, the complex global economy experienced significant volatility. Led by a recovering US economy, the global economic recovery remains weak, and China has also experienced a notable slowdown in economic growth. The country's Gross Domestic Product rose by 7.7% in 2013.

With respect to the China's steel industry, the unfavourable market environment which characterised by overcapacity, high production cost, low selling price and air pollution hasn't changed. According to the information from the Ministry of Industry and Information Technology of the PRC（中華人民共和國工業和信息化部）("MIIT") in its 2013 Economics and Operations of the Steel Industry Report*（2013年鋼鐵工業經濟運行情況）, the steel production capacity in China was nearly 1 billion tonnes, but the utilisation rate was only 72%, obviously illustrating the situation of low efficiency. Steel companies continued to intensify their reform efforts, accelerating the pace of the industry's structural adjustment.

Apart from the excessive production capacity, the shortage of capital resources is another key issue that hovered over the steel industry in 2013. This crisis has started to spread to large steel companies in the upper stream of the value chain. Most of the Group's products are sold through trading companies who were also influenced by the capital liquidity issues from the steel companies. In view of this, the Group has extended its used credit terms to the customers from 30 days to 90 days since July 2013, consequently the trade and bills receivables increased significantly.

During the year, the price of country's ordinary iron concentrates experienced greater fluctuations, especially in the first three quarters of 2013, and has been stabilised at a relatively low level in the fourth quarter. In respect of the titanium industry, weak demand in 2013 dragged down the price of titanium. According to the information issued by China Nonferrous Metal Industry Association Titanium Industry Council（中國鈦鋯鉿協會）, the overall titanium market was weak. In particular, domestic titanium concentrates in Panzhihua experienced greater price volatility, the high-grade titanium concentrates (packaging and without VAT) declined from RMB1,094.0/tonne in early January 2013 to RMB581.2/tonne as at the end of December 2013.

To eliminate excessive production capacity will be the key focus of the China's steel industry in the next few years. International Iron and Steel Institute（國際鋼鐵協會）forecasts global demand for steel will further increase by 3.3% to 1,523.0 million tonnes in 2014, among which China will continue to report growth of around 3.0%. However, due to uncertainties existing in the domestic and overseas markets, a strong rebound in the steel market will be difficult to achieve due to greater fluctuations and adjustments.

BUSINESS AND OPERATIONS REVIEW

During the year, the Group's revenue decreased by 6.8% to approximately RMB1,429.9 million as compared to last year. Gross profit of the Group also decreased by 31.3% to approximately RMB504.5 million as compared to last year. Profit and total comprehensive income attributable to owners of the Company decreased by 58.7% to approximately RMB179.1 million as compared to last year.

On 7 May 2013, the Group announced that Chuanwei was obligated to compensate Lingyu an amount of approximately RMB28.67 million which was equivalent to the difference between the audited net profits (after taxation and extraordinary items) attributable to the equity holders of Aba Mining in accordance with the PRC GAAP for the year 2012 and the Agreed Net Profits pursuant to the Aba Mining Acquisition Agreement. Accordingly, the adjusted total consideration for the acquisition of Aba Mining of RMB140.87 million had been further adjusted to approximately RMB112.2 million. Please refer to the Company's announcement on 7 May 2013 for further details.

On 11 July 2013, the Group announced that based on the results of the preliminary survey conducted by the Geochemistry Exploration Brigade of Sichuan Bureau of Exploration and Development of Geology and Mineral Resources (四川省地質礦產勘查開發局化探隊) ("Sichuan Geochemistry Exploration Team"), there may exist economically mineable niobium and tantalum ore resources at the Baicao Mine. To better preserve these resources, the Board decided to adjust the Group's normal mining operation after acceptance of the recommendations given by the Sichuan Geochemistry Exploration Team. The mining operation at the Baicao Mine has to be affected for a period of not more than 11 months, beginning from July 2013, thus the production of the vanadium-bearing iron concentrates at the Baicao Mine will be reduced significantly. The Board expected that the production volume of the Group's vanadium-bearing iron concentrates for the second half of 2013 and the first half of 2014 will be reduced by not more than 300,000 tonnes and 250,000 tonnes, respectively. As such, the revenue and profits of the Group for the second half of 2013 and the first half of 2014 will be substantially reduced, as compared to those for the same periods in 2012 and 2013, respectively. As announced on 4 March 2014, although the geological exploration report prepared by the Sichuan Geochemistry Exploration Team indicated that there may be substantial niobium and tantalum ore resources at the Baicao Mine, the two independent research institutes had concluded in their beneficiation and metallurgical testing reports that the niobium and tantalum ore resources at the Baicao Mine could not be economically recovered from the ore. After considering the results of the beneficiation and metallurgical testing reports, the Board was of the view that it would not be in the best interest of the Company to pursue the exploration work in relation to niobium and tantalum ore resources at the Baicao Mine (the "Exploration Work") further. As such, the Board has decided to terminate the Exploration Work from 5 March 2014. The normal mining operations at the Baicao Mine resumed on 13 March 2014 and the decrease in the production volume of the Group's vanadium-bearing iron concentrates for the first half of 2014 as a result of the termination of the Exploration Work was expected to reduce from a maximum of 250,000 tonnes to a maximum of 125,000 tonnes only. Notwithstanding the foregoing, the revenue and profits of the Group for the first half of 2014 were expected to be substantially reduced, as compared to those for the same period in 2013. Please refer to the Company's announcements on 11 July 2013 and 4 March 2014 for further details.

As at 31 December 2013, the Group owned the Baicao Mine, the Xiushuihe Mine, the Yangqueqing Mine, the Cizhuqing Mine and the Maoling-Yanglongshan Mine. As additional time is required by an independent geological agent (the "Geological Agent") to prepare the Mineral Resources and Reserves Report, the acquisition of the equity interest in Panzhihua Yixingda may not be completed until the second half of 2014. Further, on 17 January 2014, the shareholders of the Joint Venture established for the development of the Dashanshu Section unanimously decided to voluntarily wind-up the Joint Venture due to the uncertainty on the timing to obtain necessary mining permit for its operation and the additional expenses that would be incurred to reach the stage of commercial production.

On 20 August 2013, the Group has disposed the Old Iron Pelletising Plant for the total net proceeds of RMB26.7 million (the net carrying amount as at 20 August 2013: RMB32.6 million) to an independent third party, which was mainly because the repairs and maintenance cost for the Old Iron Pelletising Plant was constantly increasing over the years coupled with the significant fall in demand for iron pellets in 2013 while the Group expected that the New Iron Pelletising Plant will be able to meet the customers' needs. As at 31 December 2013, the Group owned the Baicao Processing Plant, the Xiushuihe Processing Plant, the Hailong Processing Plant, the Heigutian Processing Plant and the New Iron Pelletising Plant in the Panxi Region. Furthermore, the Group also owned the Maoling Processing Plant in Aba Prefecture. As at 31 December 2013, the Group's annual self production capacity (on a wet basis) of vanadium-bearing iron concentrates, ordinary iron concentrates, iron pellets and high-grade titanium concentrates amounted to 2,600.0 Ktpa, 150.0 Ktpa, 1,000.0 Ktpa and 280.0 Ktpa, respectively.

The following table summarised the breakdown of the total production volume and total sales volume of the Group's products:

	For the year ended 31 December		
	2013	2012	Change
	(Kt)	*(Kt)*	*(%)*
Vanadium-bearing iron concentrates			
Baicao Processing Plant	**226.3**	549.3	-58.8
Xiushuihe Processing Plant	**657.4**	679.5	-3.3
Heigutian Processing Plant	**682.3**	709.2	-3.8
Hailong Processing Plant	**238.1**	215.6	10.4
Total production volume	**1,804.1**	2,153.6	-16.2
Total sales volume	**1,937.2**	1,453.9	33.2
Ordinary iron concentrates			
Maoling Processing Plant	**61.8**	60.4	2.3
Total production volume	**61.8**	60.4	2.3
Total sales volume	**57.9**	63.3	-8.5
Purchase from an independent third party for trading purpose	**118.7**	–	100.0
Sale to an independent third party for trading purpose	**118.7**	–	100.0

	For the year ended 31 December		
	2013	2012	Change
	(Kt)	*(Kt)*	*(%)*
Iron pellets			
Old Iron Pelletising Plant	**–**	86.4	-100.0
New Iron Pelletising Plant	**43.8**	329.9	-86.7
Independent third party pelletising contractors	**–**	82.2	-100.0
Total production volume	**43.8**	498.5	-91.2
Total sales volume	**38.3**	494.2	-92.3
Medium-grade titanium concentrates			
Baicao Processing Plant	**–**	5.1	-100.0
Total production volume	**–**	5.1	-100.0
Total sales volume	**–**	5.3	-100.0
High-grade titanium concentrates			
Baicao Processing Plant	**40.8**	35.6	14.6
Xiushuihe Processing Plant	**89.5**	49.6	80.4
Heigutian Processing Plant	**59.1**	61.5	-3.9
Total production volume	**189.4**	146.7	29.1
Total sales volume	**196.3**	147.8	32.8

Since the mining operations at the Baicao Mine had been affected and its production volume of vanadium-bearing iron concentrates reduced significantly during the second half of 2013, the total production volume of vanadium-bearing iron concentrates decreased by 16.2% as compared to the previous year. In the meantime, total sales volume of vanadium-bearing iron concentrates increased significantly by 33.2% as compared to the previous year, which was primarily due to the significant decrease in customers' demand on iron pellets, and almost all of the vanadium-bearing iron concentrates have been sold to the customers directly rather than being further processed into iron pellets. Thus, the Old Iron Pelletising Plant had ceased production from January 2013 to August 2013 and had been subsequently disposed in August 2013 and the New Iron Pelletising Plant had also suspended production from August 2013 to December 2013. As a result, total production volume and total sales volume of iron pellets declined significantly during the year. During the year, total production volume and total sales volume of high-grade titanium concentrates increased by 29.1% and 32.8%, respectively as compared to the previous year.

During the year, the Group sought new opportunities and entered into the agreements with the independent third parties to conduct the trading business for ordinary iron concentrates of 118.7 Kt, which entitled the Group to a 5% discount on the purchase price as compared to the prevailing market price with a certain amount of prepayment.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2013, the Group's revenue was approximately RMB1,429.9 million (2012: RMB1,533.7 million), representing a decrease of 6.8% as compared to the previous year. Such decrease was primarily due to the significant decrease in sales volume of iron pellets and the decrease in the average selling prices of the Group's products, which was partially offset by the increase in the sales volume of vanadium-bearing iron concentrates and high-grade titanium concentrates. The revenue also included the sale of ordinary iron concentrates to an independent third party of approximately RMB97.9 million for trading purpose since July 2013.

Cost of Sales

Cost of sales primarily included contracting fees for mining and stripping as well as materials, labour, power and other utilities, repair and maintenance, depreciation and amortisation and the purchase cost of ordinary iron concentrates from an independent third party for trading purpose. For the year ended 31 December 2013, the Group's cost of sales was approximately RMB925.4 million (2012: RMB799.7 million), representing an increase of 15.7% as compared to the previous year. The increase was primarily due to the higher unit production costs of the Group's products and the purchase cost of ordinary iron concentrates for trading purpose since July 2013. The increase in unit production costs was primarily due to the increased mining and stripping costs, depreciation and other miscellaneous expenses, coupled with the lower grading of the raw iron ore mined as a result of deeper extraction from the mines which led to the lower processing recovery.

Gross Profit and Margin

As a result of the foregoing, the gross profit for the year ended 31 December 2013 decreased by 31.3%, from approximately RMB734.0 million for the year ended 31 December 2012 to approximately RMB504.5 million. The gross profit margin decreased from 47.9% for the year ended 31 December 2012 to 35.3% for the year ended 31 December 2013. The decrease in gross profit margin was primarily because of the decreased selling prices of the Group's products due to unfavorable market conditions, coupled with the impact of increased unit production costs as explained above. In addition, the gross profit margin of ordinary iron concentrates for trading purpose was 5.4%, which further led to the decrease in the gross profit margin.

Other Income and Gains

The other income and gains increased by 55.7%, from approximately RMB64.4 million for the year ended 31 December 2012 to approximately RMB100.3 million for the year ended 31 December 2013. The other income and gains of the Group mainly included bank interest income, change in fair value gains on the Exchangeable Notes and income from processing iron pellets for an independent third party.

Selling and Distribution Expenses

The selling and distribution expenses increased by 10.5%, from approximately RMB45.9 million for the year ended 31 December 2012 to approximately RMB50.7 million for the year ended 31 December 2013. The selling and distribution expenses primarily consisted of transportation fees, which mainly represented the road transportation costs, the goods loading and unloading fees, platform storage and administration fees. The increase was mainly due to the increase in transportation fees as a result of an increase in sales volume of vanadium-bearing iron concentrates to the customers that required the Group to transport products to designated railway stations.

Administrative Expenses

The administrative expenses increased by 29.2% from approximately RMB118.1 million for the year ended 31 December 2012 to approximately RMB152.6 million for the year ended 31 December 2013. The increase in administrative expenses was mainly because the suspension expenses including staff costs and overheads were recorded in the administrative expenses in aggregate of approximately RMB53.4 million, as a result of (i) the ceased production of the Old Iron Pelletising Plant from January 2013 to August 2013; (ii) the suspension production of the New Iron Pelletising Plant from August 2013 to December 2013 and (iii) the suspension of part of the Baicao Mine from July 2013 to December 2013 for the Exploration Work.

The equity-settled share option expenses of approximately RMB12.7 million for the year ended 31 December 2013 (2012: RMB28.3 million) were incurred because three batches of share options were granted to certain Directors, senior management and employees of the Group on 29 December 2009, 1 April 2010 and 23 May 2011, respectively.

Other Expenses

The other expenses increased significantly by 85.0%, from approximately RMB20.6 million for the year ended 31 December 2012 to approximately RMB38.1 million for the year ended 31 December 2013. The other expenses mainly included bank charges, the exploration expenditure in respect of niobium and tantalum ore resources and the processing costs of iron pellets incurred for an independent third party.

Finance Costs

The finance costs increased significantly by 131.5%, from approximately RMB42.6 million for the year ended 31 December 2012 to approximately RMB98.6 million for the year ended 31 December 2013, primarily due to the increase in interest on discounted bills receivable and interest on short-term commercial papers.

Income Tax Expense

The income tax expense decreased by 35.8%, from approximately RMB130.4 million for the year ended 31 December 2012 to approximately RMB83.7 million for the year ended 31 December 2013. It mainly included (i) the income tax charged for the year and (ii) the under-provision of income tax of approximately RMB17.4 million for last year, as Xiushuihe Mining has failed to obtain a confirmation from the SPEIC to further substantiate its entitlement of the preferential tax rate of 15% as required under a notice received from the local tax bureau in May 2013. Therefore, the applicable income tax rate of Xiushuihe Mining has been restated at 25% for the year 2012.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, profit and total comprehensive income for the year decreased by 58.6%, from approximately RMB441.2 million for the year ended 31 December 2012 to approximately RMB182.5 million for the year ended 31 December 2013.

Profit and Total Comprehensive Income Attributable to Owners of the Company

Profit and total comprehensive income attributable to owners of the Company decreased by 58.7%, from approximately RMB433.7 million for the year ended 31 December 2012 to approximately RMB179.1 million for the year ended 31 December 2013. The Net Profit Margin decreased from 28.3% for the year ended 31 December 2012 to 12.5% for the year ended 31 December 2013.

Final Dividend

The Board recommended the payment of a final dividend of HK$0.022 per Share (equivalent to approximately RMB0.017 per Share) for the year ended 31 December 2013 (2012: Nil), representing 20.1% of the profit and total comprehensive income attributable to owners of the Company, payable to the Shareholders whose names appear on the register of members of the Company on 21 May 2014. Based on the number of issued Shares as at 31 December 2013, this represents a total distribution of approximately HK$45.7 million. Subject to the approval of the payment of the final dividend by the Shareholders at the 2014 AGM, it is expected that the proposed final dividend will be paid on or before 30 May 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 8 May 2014 to Monday, 12 May 2014 (both days inclusive) during which period no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the 2014 AGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 7 May 2014.

The register of members of the Company will be closed from Monday, 19 May 2014 to Wednesday, 21 May 2014 (both days inclusive) in order to determine the Shareholders' entitlements to the final dividend, during which period the registration of transfer of Shares will be suspended. Shareholders whose names appear on the register of members of the Company on Wednesday, 21 May 2014 will be entitled to the final dividend. To qualify for the final dividend, all transfer forms of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 16 May 2014.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets out certain information regarding the Group's consolidated statement of cash flows for the years ended 31 December 2013 and 2012:

	For the year ended 31 December			
	2013		2012	
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
			(Restated)	
Cash and cash equivalents as stated in the consolidated statement of cash flows at beginning of year		**375,346**		196,830
Net cash flows from operating activities	**15,522**		1,111,128	
Net cash flows used in investing activities	**(293,752)**		(922,413)	
Net cash flows from/(used in) in financing activities	**18,806**		(10,200)	
Net (decrease)/increase in cash and cash equivalents		**(259,424)**		178,515
Effect of foreign exchange rate changes, net		**(904)**		1
Cash and cash equivalents as stated in the consolidated statement of cash flows at end of year		**115,018**		375,346

Net Cash Flows from Operating Activities

The Group's net cash flows from operating activities decreased significantly by 98.6%, from approximately RMB1,111.1 million for the year ended 31 December 2012 to approximately RMB15.5 million for the year ended 31 December 2013. It primarily included the profit before tax of RMB266.2 million, the increase in certain non-cash expense such as depreciation and amortisation of intangible assets, and the increase in trade and bills payables, which have been offset by the increase in trade and bills receivables and the increase in prepayment in respect of purchase of ordinary iron concentrates from an independent third party for trading purpose, which entitled the Group to a 5% discount on the purchase price as compared to the prevailing market price.

Net Cash Flows used in Investing Activities

The Group's net cash flows used in investing activities decreased significantly by 68.1%, from approximately RMB922.4 million for the year ended 31 December 2012 to approximately RMB293.8 million for the year ended 31 December 2013. It primarily included (i) the purchase of items of property, plant and equipment and intangible assets of approximately RMB204.7 million, which were partially offset by the total net proceeds from the disposal of items of property, plant and equipment and a prepaid land lease payment of the Old Iron Pelletising Plant of approximately RMB26.7 million; (ii) the increase in pledged bank balance of approximately RMB173.1 million for issuance of bills payable, which was partially offset by the decrease in time deposits with maturity of over three months of RMB93.8 million and (iii) the payment for the acquisition of 30% equity interest in Yuechuan Mining of approximately RMB34.9 million.

Net Cash Flows from/(used in) Financing Activities

The Group's net cash flows used in financing activities were approximately RMB10.2 million for the year ended 31 December 2012 and the net cash flows from financing activities were approximately RMB18.8 million for the year ended 31 December 2013. They primarily included the proceeds from bank loans of approximately RMB327.9 million, which was partially offset by the repayment of bank loans of RMB307.0 million.

Analysis of Inventories

The Group's inventories decreased by 21.3%, from approximately RMB180.0 million as at 31 December 2012 to approximately RMB141.7 million as at 31 December 2013. It is primarily due to the increase in sales volume of the Group's vanadium-bearing iron concentrates and the decrease in production volume of vanadium-bearing iron concentrates at the Baicao Mine.

Analysis of Trade and Bills Receivables

The Group's trade and bills receivables increased significantly by 253.2%, from approximately RMB109.1 million as at 31 December 2012 to approximately RMB385.3 million as at 31 December 2013. Trade receivable turnover days were approximately 67 days (2012: 25 days). Most of the Group's products are sold through trading companies who were influenced by the shortage of capital resources from the steel companies and the Group has extended its used credit terms to the customers from 30 days to 90 days since July 2013, consequently the trade and bills receivables increased significantly.

Analysis of Trade and Bills Payables

The Group's trade and bills payables increased by 15.7%, from approximately RMB816.6 million as at 31 December 2012 to approximately RMB944.5 million as at 31 December 2013, primarily due to the significant increase of settlement to suppliers through the usage of bills during the year.

Analysis of Net Current Assets Position

The Group's net current assets position increased by 36.7%, from approximately RMB499.0 million as at 31 December 2012 to approximately RMB681.9 million as at 31 December 2013, primarily attributable to profits realised during the year, which outweighed the capital expenditure incurred.

Borrowings

As at 31 December 2013, the Group's borrowings mainly included: (i) an unsecured long-term bank loan of RMB75.0 million with annual interest rates ranging from 6.55% to 7.05% from CCB Xichang Yuecheng branch to Huili Caitong, of which RMB25.0 million is repayable within one year and the unsecured short-term bank loans of RMB150.0 million with an annual interest rate of 6.00% from CCB Xichang Yuecheng branch to Huili Caitong. In accordance with the loan agreements entered into between Huili Caitong and CCB Xichang Yuecheng branch, Huili Caitong agreed not to mortgage or pledge Huili Caitong's mining right of the Baicao Mine and its vanadium-bearing iron concentrate production line with an annual production capacity of 500.0 Ktpa to any parties and CCB Xichang Yuecheng branch will be entitled to a pre-exemption right in the event of such mortgage or pledge; (ii) a secured short-term bank loan of US$15.0 million (approximately RMB91.5 million) from Oversea-Chinese Banking Corporation Limited ("OCBC") to the Company in April 2012 which was renewed in April 2013 with an annual interest rate of prevailing Cost of Funds plus 1.5% and was secured by a deposit of RMB100.0 million pledged by Huili Caitong at OCBC Chengdu branch; (iii) a secured short-term bank loan of approximately US$7.7 million (approximately RMB46.8 million) with an annual interest rate of prevailing LIBOR plus 1.45% from CMB to First China and was secured by a deposit of RMB50.0 million pledged by Huili Caitong at CMB Yingmenkou branch and (iv) an unsecured short-term bank loan of RMB30.0 million with an annual interest rate of 6.6% from CCB Aba branch to Aba Mining and a short-term bank loan of RMB16.0 million with an annual interest rate of 7.04% from CCB Aba branch to Aba Mining, which was guaranteed by Chengyu Vanadium Titano and Chuanwei.

Commercial Papers

Huili Caitong issued the second tranche of one-year commercial papers of RMB150.0 million with an annual interest rate of 7.5% on 4 September 2013. The first tranche of one-year commercial papers of RMB150.0 million had been fully repaid on 19 December 2013.

Contingent Liabilities

As at 31 December 2013, the Group did not have any material contingent liabilities.

Pledge of Assets

As at 31 December 2013, Huili Caitong pledged its deposit of RMB100.0 million at OCBC Chengdu branch for the bank loan of US$15.0 million (equivalent to approximately RMB91.5 million) obtained by the Company from OCBC, and also pledged its deposit of RMB50.0 million at CMB Yingmenkou branch for the bank loan of approximately US$7.7 million (approximately RMB46.8 million) obtained by First China from CMB as well as the deposits of RMB291.9 million by the Group at banks for the issuance of bills payable.

Foreign Currency Risk

The Group's businesses are located in the PRC and its operating transactions are conducted in Renminbi. Most of its assets and liabilities are denominated in Renminbi, except for certain payables to professional parties and administrative expenses in the Hong Kong office that are denominated in Hong Kong dollars, and the bank loans obtained from OCBC and CMB as well as the Exchangeable Notes are denominated in US dollars.

The Renminbi is not freely convertible. There is a risk that the Chinese government may take actions affecting exchange rates which may have a material adverse effect on the Group's net assets, earnings and any dividends it declares if such dividend is to be exchanged or converted into foreign exchange. The Group has not entered into any hedging transaction to manage the potential fluctuation in foreign currencies. The Group does not consider that it has any significant exposure to the risk of fluctuation in the exchange rate between HK$, US$ and RMB, as a possible change of 5% in RMB against HK$ and US$ would have no significant financial impact on the Group's financial performance.

Interest Rate Risk

The Group's income and operating cash flows are not substantially affected by changes in market interest rates. We have no significant interest-bearing assets, except for cash and cash equivalents. The Group manages its interest rate exposure arising from all of its interest-bearing loans through a mix of fixed and variable rates. In addition, the Group has not used any interest rate swap to hedge against interest rate risk.

Contractual Obligations

As at 31 December 2013, the Group's contractual obligations amounted to approximately RMB416.1 million, and decreased by RMB54.7 million as compared to approximately RMB470.8 million as at 31 December 2012, which was primarily attributable to the progressive completion of certain construction work at the Baicao Mine and the Xiushuihe Mine during the year and winding-up of the Joint Venture.

Capital Expenditure

The Group's total capital expenditure increased by RMB42.2 million from approximately RMB186.0 million for the year ended 31 December 2012 to approximately RMB228.2 million for the year ended 31 December 2013. The capital expenditure consisted of (i) the construction and improvement of tailing storage facilities to cope with expanded production capacity at the Xiushuihe Processing Plant and the Baicao Processing Plant aggregated to approximately RMB88.7 million; (ii) the tunnel construction costs at the Maoling-Yanglongshan Mine of approximately RMB19.6 million; (iii) the exploration and evaluation costs aggregated to approximately RMB8.3 million for the Yangqueqing Mine, the Maoling-Yanglongshan Mine and the Xiushuihe Mine (including expansion area); (iv) payment in advance of RMB34.9 million in respect of the acquisition of 30% equity interest in Yuechuan Mining; (v) the development of the construction of miscellaneous projects and acquisition of machinery aggregated to approximately RMB32.0 million; and (vi) the stripping costs classified as stripping activity assets of RMB44.7 million that led to improved access to ore body as a result of adoption of IFRIC 20.

Financial Instruments

As at 31 December 2013, the Group had the Exchangeable Notes in the principal amount of US$30.0 million. The Exchangeable Notes are accounted for as financial assets at fair value through profit or loss.

Gearing Ratio

Gearing ratio is a measure of financial leverage, which is calculated by net debt divided by "total equity plus net debt". Net debt is defined as interest-bearing bank loans and commercial paper liabilities, net of cash and cash equivalents and it excludes liabilities incurred for working capital purpose. Equity includes equity attributable to owners of the Company and non-controlling interests. As at 31 December 2013, the Group's cash and cash equivalents exceeded the interest-bearing bank loans and commercial paper liabilities. As such, no gearing ratio as at 31 December 2013 is presented.

RESOURCE AND RESERVE OF MINES UNDER THE JORC CODE AS AT 1 JANUARY 2014

Resource and Reserve Summary of the Baicao Mine and the Xiushuihe Mine including expansion

(a) JORC Mineral Resource Category

	Tonnage		Grades			Contained Metals	
	(Mt)	**TFe** (%)	**TiO_2** (%)	**V_2O_5** (%)	**TFe** (Kt)	***TiO_2** (Kt)	**V_2O_5** (Kt)
Baicao Mine							
Measured resource	28.00	25.09	10.73	0.20	7,025.71	3,004.04	55.75
Indicated resource	42.28	24.13	10.02	0.21	10,202.14	4,237.39	88.78
Total (M+I)	**70.28**	**24.51**	**10.30**	**0.21**	**17,227.85**	**7,241.43**	**144.53**
Inferred resource	25.34	26.63	10.98	0.23	6,749.11	2,782.77	58.29
Xiushuihe Mine including expansion							
Measured resource	49.18	25.33	6.13	0.23	12,458.94	3,014.71	112.89
Indicated resource	29.61	23.60	5.20	0.19	6,990.03	1,540.55	55.92
Total (M+I)	**78.79**	**24.68**	**5.78**	**0.21**	**19,448.97**	**4,555.25**	**168.81**
Inferred resource	7.23	22.43	7.40	0.17	1,621.69	535.02	12.29

* *Only 50% of the Xiushuihe Mine's expansion mineralisation is expected to produce TiO_2 – contained metals have been adjusted.*

(b) JORC Ore Reserve Category

	Tonnage		Grades			Contained Metals	
	(Mt)	**TFe** (%)	**TiO_2** (%)	**V_2O_5** (%)	**TFe** (Kt)	***TiO_2** (Kt)	**V_2O_5** (Kt)
Baicao Mine							
Proved reserve	12.47	25.19	10.54	0.22	3,139.99	1,314.27	27.98
Probable reserve	24.81	26.08	10.24	0.22	6,470.15	2,540.41	54.95
Total	**37.28**	**25.78**	**10.34**	**0.22**	**9,610.14**	**3,854.68**	**82.93**
Xiushuihe Mine including expansion							
Proved reserve	35.19	24.54	9.43	0.22	8,636.19	1,964.08	76.13
Probable reserve	21.93	23.79	8.57	0.20	5,218.41	1,207.02	42.79
Total	**57.12**	**24.25**	**9.10**	**0.21**	**13,854.60**	**3,171.10**	**118.92**

* *Only 50% of the Xiushuihe Mine's expansion mineralisation is expected to produce TiO_2 – contained metals have been adjusted.*

Resource Summary of the Maoling-Yanglongshan Mine

JORC Mineral Resource Category

	Tonnage (Mt)	Grades TFe (%)	Contained Metals TFe (Kt)
Maoling-Yanglongshan Mine			
Measured resource	–	–	–
Indicated resource	12.96	22.65	2,934.06
Total (M+I)	**12.96**	**22.65**	**2,934.06**
Inferred resource	47.24	22.86	10,801.10

Resource Summary of the Yangqueqing Mine, the Cizhuqing Mine and the Yangqueqing Mine's Expansion

The resources of the Yangqueqing Mine, the Cizhuqing Mine and the Yangqueqing Mine's Expansion under the JORC Code have not been changed since the disclosure in our 2011 interim report.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2013, the Group had a total of 2,018 dedicated full time employees (31 December 2012: 2,051 employees), including 146 management and administrative staff, 154 technical staff, 12 sales and marketing staff and 1,706 operational staff. For the year ended 31 December 2013, the employee benefit expense (including Directors' remuneration in the form of salaries, equity-settled share option expenses and other allowances) was approximately RMB120.5 million (2012: RMB129.3 million).

The emolument policies of the Group are based on performance, experience, competence and market comparables. Remuneration packages generally comprise salary, housing allowance, contribution to pension schemes and discretionary bonus relating to the performance of the Group. The Group has also adopted share option schemes for its employees, providing incentives and rewards to eligible participants with reference to their contributions.

OTHER SIGNIFICANT EVENTS

(i) Pursuant to the equity transfer agreement entered into between Lingyu and the Sellers on 28 December 2011, completion of the acquisition of the equity interest in Panzhihua Yixingda is conditional upon, among other things, the Mineral Resources and Reserves Report having been issued by the Geological Agent before 30 March 2013 showing that the Haibaodang Mine has a minimum of 100.0 Mt of mineral resources and reserves with a minimum average iron content (Type 333 or above) of 15% or above. As additional time is required by the Geological Agent to prepare the Mineral Resources and Reserves Report, on 22 April 2013, Lingyu and the Sellers entered into a supplemental agreement to extend the report date from 30 March 2013 to 30 March 2014 or such later date as Lingyu and the Sellers may agree. Please refer to the Company's announcements dated 29 December 2011 and 22 April 2013 for further details.

(ii) Pursuant to the audited accounts of Aba Mining for the year ended 31 December 2012, the audited net profits (after taxation and extraordinary items) attributable to the equity holders of Aba Mining in accordance with the PRC GAAP for the year 2012 was approximately RMB11.33 million, which was short of the Agreed Net Profits by approximately RMB28.67 million (the "Net Profits Difference"). Accordingly, pursuant to the Aba Mining Acquisition Agreement, Chuanwei was obliged to compensate Lingyu an amount which is equivalent to the Net Profits Difference.

On 7 May 2013, Lingyu and Chuanwei entered into the supplemental agreement, pursuant to which, the consideration balance of RMB30.0 million payable by Lingyu had been adjusted by the Net Profits Difference to approximately RMB1.33 million. Accordingly, the adjusted total consideration for the acquisition of Aba Mining of RMB140.87 million had been further adjusted by the Net Profits Difference to approximately RMB112.2 million. The independent board committee of the Company, comprising all the independent non-executive Directors, is of the opinion that by agreeing to the terms of the supplemental agreement whereby the consideration balance has been adjusted by the Net Profits Difference, Chuanwei has fulfilled its undertakings regarding the Agreed Net Profits under the Aba Mining Acquisition Agreement. Please refer to the Company's announcement on 7 May 2013 for further details.

(iii) On 15 May 2013, the resolution proposed at the court meeting to approve the Privatisation Scheme was not passed by the requisite majority and was disapproved by more than 10% of the votes attaching to the Scheme Shares held by all the independent Shareholders. Accordingly, the Privatisation Scheme was not approved in compliance with Section 86 of the Companies Law and Rule 2.10 of the Takeovers Code and hence cannot be put into effect and has therefore lapsed. The Shares remain listed on the Stock Exchange. As a result, the Extraordinary General Meeting has been adjourned indefinitely. Please refer to the Scheme Document dated 16 April 2013 and the Company's announcement dated 15 May 2013 for further details.

(iv) On 11 July 2013, the Board announced that niobium and tantalum ores had been discovered in the Baicao Mine. The Group engaged the Sichuan Geochemistry Exploration Team to conduct a preliminary survey at the Baicao Mine and to compile the preliminary survey report. The results of the preliminary survey indicated that there may exist economically mineable niobium and tantalum ore resources at the Baicao Mine. Based on the results of the preliminary survey, the Sichuan Geochemistry Exploration Team had recommended the Group to conduct further Exploration Work. To better preserve the potential niobium and tantalum ore resources at the Baicao Mine, the Sichuan Geochemistry Exploration Team had recommended the Group to take preservation measures during the period when further Exploration Work is conducted at the Baicao Mine. The Board decided to accept the recommendation of the Sichuan Geochemistry Exploration Team and adjusted the Group's normal mining operation with a view to preserving the potential niobium and tantalum ore resources at the Baicao Mine. Accordingly, the mining operation at the Baicao Mine has to be affected for a period of not more than 11 months, beginning from July 2013 and the production of the vanadium-bearing iron concentrates at the Baicao Mine will be reduced significantly. Accordingly, the Board expected that the production volume of the Group's vanadium-bearing iron concentrates for the second half of 2013 and the first half of 2014 will be reduced by not more than 300,000 tonnes and 250,000 tonnes, respectively. As such, the revenue and profits of the Group for the second half of 2013 and the first half of 2014 will be substantially reduced, as compared to those for the same periods in 2012 and 2013, respectively. The Board was, at that time, of the opinion that it was in the interest of the Company and the Shareholders as a whole to pursue the Exploration Work.

As announced on 4 March 2014, although the geological exploration report prepared by the Sichuan Geochemistry Exploration Team indicated that there may be substantial niobium and tantalum ore resources at the Baicao Mine, the two independent research institutes had concluded in their beneficiation and metallurgical testing reports that the niobium and tantalum ore resources at the Baicao Mine would not be economically recovered from the ore. After considering the results of the beneficiation and metallurgical testing reports, the Board was of the view that it would not be in the best interest of the Company to pursue the Exploration Work further. As such, the Board has decided to terminate the Exploration Work from 5 March 2014. The normal mining operations at the Baicao Mine resumed on 13 March 2014 and the decrease in the production volume of the Group's vanadium-bearing iron concentrates for the first half of 2014 as a result of the termination of the Exploration Work was expected to reduce from a maximum of 250,000 tonnes to a maximum of 125,000 tonnes only. Notwithstanding the foregoing, the revenue and profits of the Group for the first half of 2014 were expected to be substantially reduced, as compared to those for the same period in 2013. Please refer to the Company's announcements on 11 July 2013 and 4 March 2014 for further details.

(v) On 17 January 2014, the Board announced that the shareholders of the Joint Venture established for the development of the Dashanshu Section unanimously decided to voluntarily wind-up the Joint Venture due to the uncertainty on the timing to obtain necessary mining permit for its operation and the additional expenses that would be incurred to reach the stage of commercial production. The Board did not foresee that the voluntary winding-up of the Joint Venture would lead to any material adverse impact on the business of the Group. Please refer to the Company's announcement dated 17 January 2014 for further details.

OUTLOOK

Benefiting from Favourable Government Policies and Industry Developments

The Group expects the market environment to remain challenging in the near future. Among the reasons include continuing disputes with Cambodia, the European Union, Thailand and Vietnam on alleged dumping of Chinese steel products, resulting in anti-dumping duties employed by the various governments. All of these disputes will inevitably have repercussions on the downstream business of the steel industry, which in turn will affect the upstream market. In addition, the steel industry will continue to be affected by tight capital liquidity and high interest rate in China. Due to a number of default cases recently, local banks have tightened credit terms imposed on trading companies. In turn, these companies have elected to dump their iron concentrates in order to repay debts, resulting in greater pressure on selling prices.

Opportunities nonetheless exist in the market in the long run, driven by Chinese government policies and increasing market demand. During the Third Plenary Session of the 18th Communist Party of China Central Committee（中共第十八屆三中全會）, the Communist Party discussed in depth major reform-related issues and the means for bringing stability to a slow growing economy. It decided to optimise the system for encouraging healthy urbanisation, hence, the Group expects this will boost market confidence. Correspondingly, the market generally expects urbanisation and construction will continue to accelerate in the future, leading to long-term infrastructure investments and fresh demand for steel.

Such optimism is, however, tempered by the fact that the steel industry presently suffers from fragmentation and overcapacity. The Chinese government has consequently stepped up efforts to eliminate excessive production capacity. According to the "Guiding Opinions of the State Council on Resolving the Conflict of Rampant Overcapacity"（《國務院關於化解產能嚴重過剩矛盾的指導意見》）issued by the state council, the country has demonstrated strong determination to eliminate backward production capacity. To achieve the goal set out in the 12th Five-Year Plan, but one year ahead of schedule, the Chinese government has implemented measures that include increasing financial incentives to encourage local governments to eliminate backward production. By doing so, it hopes to further reduce iron making capacity and steel making capacity by 15.0 Mt each by the end of 2015. In Sichuan, it is planned to eliminate an excessive production capacity of 3.0 Mt in the next few years and in the longer term, the annual production capacity of the steel industry will be maintained at 36.0 Mt. For steel companies that are addressing an imbalance in supply and demand, the elimination of backward production could prove essential for the sustainable and healthy development of the industry.

In a similar vein, MIIT released two notices relating to steel companies (the first batch and the second batch) that met the Standards in 2013. Seven compliant steel companies in the notices including Chengyu Vanadium Titano and Pangang Group Panzhihua Steel Vanadium Co., Ltd.*（攀鋼集團攀枝花鋼釩有限公司）are located at accessible region of the Group's mines. MIIT will work with relevant authorities to support the development of steel companies that fulfil the Standards, including promoting mergers and restructuring, implementing technological reforms and realising structural adjustments, redevelopment and upgrades. Given that the consolidation process will remove unqualified players from the market, the steel industry can therefore be sustained.

A development that will also be of relevance to the steel industry involves China's great western development strategy and plans to increase investment in infrastructure. Already, local governments have taken the initiative of implementing strategies and investing in major projects to drive domestic development. In October 2013, the Sichuan Government presented the "List of Major Investment Projects in Sichuan (2013-2014)" and planned to commence a number of major projects within two years, including railways in Chengdu such as Chengdu-Chongqing Railway Passenger Special Line*（成都至重慶鐵路客運專線）, Chengdu-Kangding (Xinduqiao) section of Sichuan-Tibet Railway*（川藏鐵路成都至康定（新都橋）段）and Chengdu-Lanzhou Railway*（成都至蘭州鐵路）, as well as city infrastructure projects such as expansion of Chengdu Railway Station*（成都站擴能改造）and construction of highways. The significant long-term investment in infrastructure will present potential opportunities to the steel market.

Still a further development of interest involves TiO_2, specifically, a new application has been developed for the material aside from infrastructure. A design company recently used TiO_2 for environmental construction so as to reduce air pollution. It claims that under such an application, emissions from approximately 1,000 vehicles can be neutralised per day. If this technology is promoted and widely adopted in the future, it will boost demand for TiO_2 noticeably.

Business Strategy

Going forward, as mentioned above, the Group terminated the Exploration Work, which will enable mining operations to resume as normal. Separately, the shareholders of the Joint Venture established for the development of the Dashanshu Section unanimously decided to voluntarily wind-up the Joint Venture, though the Board maintains the view that such action will not lead to any adverse material impact on the business of the Group. All of these factors will impede the Group's pace of development. To overcome these and other challenges, the Group will leverage its comprehensive business strategies and the solid foundation that it has built over the years.

The aforesaid strategies include increasing resources and reserves in a sustainable manner, such as by extending the boundary of existing mines. To enhance production capacity, the Group will further seek to exploit innovative technologies. In the past year, the management has been actively pursuing potential acquisition opportunities and conducted site visits in China and various countries, including Australia, the Philippines and Indonesia and reviewed the proposals for several mines in China, Malaysia and Brazil etc. Looking ahead, the management will continue to look for suitable opportunities and prudently invest in overseas projects to maximise profits.

While the management is wary of the Group's short-term development, it remains cautiously optimistic about its ability to achieve long-term business growth. The Group will therefore seek to grasp new opportunities and strive to achieve satisfactory results in the coming financial periods.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the "CG Code") as its own code of corporate governance. The Directors consider that for the year ended 31 December 2013, the Company has complied with the code provisions under the CG Code except for code provision A.6.7 as described below.

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Mr. Wang Jin did not attend the general meeting held on 14 May 2013 and the court meeting held on 15 May 2013 due to other business commitment. Messrs. Teo Cheng Kwee and Gu Peidong did not attend the court meeting held on 15 May 2013 due to other business commitment.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Throughout the year ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2013 will be dispatched to the Shareholders of the Company and available on the above websites in due course.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2013.

GLOSSARY

"12th Five-Year Plan"	the Twelfth Five-Year Plan for the National Economic and Social Development of the PRC
"2014 AGM"	the Shareholders' annual general meeting to be held on 12 May 2014
"Aba Mining"	Aba Mining Co., Ltd.*（阿壩礦業有限公司）, a limited liability company established in the PRC on 27 February 2004 and an indirect wholly-owned subsidiary of the Company
"Aba Mining Acquisition Agreement"	the equity interest transfer agreement dated 15 November 2010 entered into between Lingyu (as transferee) and Chuanwei (as transferor) under which the entire interest in Aba Mining was being transferred
"Aba Prefecture"	阿壩藏族羌族自治州, Aba Tibetan and Qiang Autonomous Prefecture
"Agreed Net Profits"	the audited net profits (after taxation and extraordinary items) attributable to the equity holders of Aba Mining in accordance with the PRC GAAP for the year ended 31 December 2012 which would be at least RMB40.0 million

"Baicao Mine"	白草鐵礦, the vanadium-bearing titano-magnetite mine located in Xiaoheiqing Townlet, Huili County, Sichuan and operated by Huili Caitong, with a mining area of 1.88 sq.km.
"Baicao Processing Plant"	the ore processing plant located at the Baicao Mine and operated by Huili Caitong
"Board"	the board of Directors
"Chengyu Vanadium Titano"	Chengyu Vanadium Titano Technology Ltd.*（成渝釩鈦科技有限公司）, formerly known as Weiyuan Steel Co., Ltd.*（威遠鋼鐵有限公司）, a sino-foreign equity joint venture established in the PRC on 3 April 2001 and a connected person to the Group
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "we" or "us"	China Vanadium Titano-Magnetite Mining Company Limited（中國釩鈦磁鐵礦業有限公司）, a limited liability company incorporated in the Cayman Islands on 28 April 2008
"Chuanwei"	Sichuan Chuanwei Group Co., Ltd.*（四川省川威集團有限公司）, a limited liability company established in the PRC on 29 March 1998 and a connected person to the Group
"Cizhuqing Mine"	茨竹箐鐵礦, the vanadium-bearing titano-magnetite mine located in Xiaoheiqing Townlet, Huili County, Sichuan, with an exploration area of 2.3 sq.km.
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force immediately before 3 March 2014
"Controlling Shareholder(s)"	has the meaning ascribed thereto in the Listing Rules and in the context of this announcement, refers to Trisonic International, Kingston Grand, Messrs. Wang Jin, Shi Yinjun, Yang Xianlu, Wu Wendong, Zhang Yuangui and Li Hesheng
"Cost of Funds"	any period the rate payable by the bank for the cost borrowing in the currency of the relevant credit facility for such period in respect of the relevant amount

"Dashanshu Section"	the Dashanshu section*(大杉樹礦段)of the Pingchuan Mine which has an exploration area of approximately 5 sq.km. within the exploration area set out in the exploration permit of the Pingchuan Mine
"Director(s)"	director(s) of the Company or any one of them
"Exchangeable Note(s)"	the exchangeable note(s) in the principal amount due in 2014 issued by the Issuer in accordance with the Secured Exchangeable Note Purchase Agreement with its terms and conditions set out in the Note Certificate
"Extraordinary General Meeting"	an extraordinary general meeting of the Company convened immediately following the close of the court meeting for the privatisation
"First China"	First China Limited(三民有限公司), a company incorporated in Hong Kong on 5 March 2008 and a direct wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"Haibaodang Mine"	海保凼鈦鐵礦, the vanadium-bearing titano-magnetite mine located in Renhe District, Panzhihua City, Sichuan, currently under exploration with an exploration area of 20.37 sq.km.
"Hailong Processing Plant"	the ore processing plant located at Huili County and operated by Huili Caitong
"Heigutian Processing Plant"	the ore processing plant located at Yanbian County and operated by Yanbian Caitong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Huili Caitong"	Huili County Caitong Iron and Titanium Co., Ltd.*(會理縣財通鐵鈦有限責任公司), established in the PRC on 7 July 1998 and has been a foreign equity joint venture in the PRC since 29 December 2010, an indirect wholly-owned subsidiary of the Company

"Indicated resource"	part of a mineral resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit
"Inferred resource"	part of a mineral resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
"iron"	a silvery-white, lustrous, malleable, ductile, magnetic or magnetisable, metallic element occurring abundantly in combined forms, notably in hematite, limonite, magnetite, and taconite, and alloyed for use in a wide range of important structural materials
"iron concentrate(s)"	concentrate(s) whose main mineral content (by value) is iron
"iron ore"	compounds of iron and oxygen (iron oxides) mixed with impurities (gangue); it is a mineral which when heated in the presence of a reductant will yield metallic iron
"iron pellet(s)"	a round hardened clump of iron-rich material suitable for application in blast furnaces
"Issuer"	Rui Tong Limited, a private company incorporated in the British Virgin Islands with limited liability, being the issuer of the Exchangeable Note under the Secured Exchangeable Note Purchase Agreement and a third party independent of the Company and its connected persons
"Joint Venture"	Liangshan Weichuan Mining Co., Ltd.*（涼山州威川礦業有限公司）, a joint venture formed pursuant to the cooperative agreement dated 30 August 2011 entered into between the Company, Sichuan Province Yanyuan County Pingchuan Iron Mine*（四川省鹽源縣平川鐵礦）and Sichuan Nanyu Information Technology Company Limited*（四川南譽信息技術有限公司）

"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia in 1989 and revised and updated in 1992, 1996, 1999, 2004 and 2012, that sets out minimum standards, recommendations and guidelines for public reporting
"Kingston Grand"	Kingston Grand Limited, a company incorporated in the British Virgin Islands on 20 February 2007, holder of 40% of the issued share capital of Trisonic International
"km"	kilometre(s), a metric unit measure of distance
"Kt"	thousand tonnes
"Ktpa"	thousand tonnes per annum
"LIBOR"	The London Inter Bank Offered Rate, as determined by the bank for interest periods of up to 12 months or such other interest periods at may be agreed by the bank
"Lingyu"	Sichuan Lingyu Investment Co., Ltd.*（四川省凌御投資有限公司）, a limited liability company established in the PRC on 9 June 2010 and an indirect wholly-owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Maoling Extended Exploration Area"	formerly an independent exploration region with an area of 2.83 sq.km. covered under the extended exploration permit of the Maoling Mine (covering 1.9 sq.km. of the mining area of the Maoling Mine), has been consolidated with the Yanglongshan Mine since September 2012 to form the Maoling-Yanglongshan Mine
"Maoling Mine"	毛嶺鐵礦, an ordinary magnetite mine owned by Aba Mining and located in Wenchuan County, Sichuan, with a mining area of 1.9 sq.km.
"Maoling Processing Plant"	the ore processing plant located at the Maoling-Yanglongshan Mine and operated by Aba Mining

"Maoling-Yanglongshan Mine"	an exploration region with an area of 11.6 sq.km. covered under the exploration permit of the Maoling-Yanglongshan Mine (the mining area covered is owned by the Maoling Mine), formed from the combination of the original Maoling Extended Exploration Area and the Yanglongshan Mine since September 2012
"Measured resource"	part of a mineral resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit
"Mineral Resources and Reserves Report"	the Mineral Resources and Reserves Report in respect of the Haibaodang Mine to be issued by the Geological Agent
"mining right(s)"	the right(s) to mine mineral resources and obtain mineral products in areas where mining activities are licensed
"Mt"	million tonnes
"Net Profit Margin"	a ratio of profitability calculated as the profit and total comprehensive income attributable to owners of the Company divided by revenue
"New Iron Pelletising Plant"	the plant that produces iron pellets and is located in Ailang Townlet, Huili County, Sichuan, which is approximately 5.5 km from the Xiushuihe Mine
"Note Certificate"	the note certificate of the Exchangeable Note with the terms and conditions of the Exchangeable Note set out therein
"Old Iron Pelletising Plant"	the plant that produces iron pellets and is located approximately 36 km from the Xiushuihe Mine
"ore processing"	the process which in general refers to the extraction of usable portions of ores by using physical and chemical extraction methods
"Panxi Region"	a region in Sichuan located at southwest of Chengdu reaching from Panzhihua to Xichang

"Panzhihua Yixingda"	Panzhihua Yixingda Industrial Trading Co., Ltd.*（攀枝花易興達工貿有限責任公司）, a limited liability company registered in the PRC on 9 July 2009
"Pingchuan Mine"	the Pingchuan iron mine which is located in Yanyuan County, Liangshan Prefecture, Sichuan, which has an exploration area of 69.09 sq.km. as set out in the exploration permit
"Privatisation Scheme"	the proposed scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Law for the implementation of the Proposal, with or subject to any modification, addition or condition approved or imposed by the Grand Court of the Cayman Islands and agreed to by the Company
"Probable reserve"	the economically mineable part of an indicated, and in some circumstances, a measured mineral resource. The confidence in the modifying factors applying to a probable ore reserve is lower than that applying to a proved ore reserve
"Proposal"	the proposed privatisation of the Company to be effected by way of the Privatisation Scheme by Keen Talent Holdings Limited, a company incorporated in Hong Kong, being a wholly-owned subsidiary of Trisonic International
"Proved reserve"	the economically mineable part of a measured mineral resource. A proved ore reserve implies a high degree of confidence in the modifying factors. A proved ore reserve represents the highest confidence category of reserve estimate and implies a high degree of confidence in geological and grade continuity, and the consideration of the modifying factors. The style of mineralisation or other factors could mean that proved ore reserves are not achievable in some deposits
"Renminbi" or "RMB"	the lawful currency of the PRC
"Scheme Document"	this composite document, including each of the letters, statements, appendices and notices in it
"Scheme Shareholder(s)"	the Shareholder(s) other than Trisonic International
"Scheme Shares"	the Shares held by the Scheme Shareholders

"Secured Exchangeable Note Purchase Agreement"	the secured exchangeable note purchase agreement dated 2 May 2011 entered into between the Group and the Issuer pursuant to which the Issuer has conditionally agreed to issue and the Group has conditionally agreed to subscribe the Exchangeable Note on the terms and subject to the conditions set out therein
"Sellers"	collectively, Sichuan Haokun Trading Co., Ltd.*（四川省昊坤貿易有限公司）, Sichuan Haihuitian Trading Co., Ltd.*（四川省海匯天貿易有限公司）, Chengdu Jiashide Trading Co., Ltd.*（成都佳仕德貿易有限公司）and Chongqing Xinzhou Metallic Material Co., Ltd.*（重慶鑫宙金屬材料有限公司）
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of HK$0.1 each
"Shareholder(s)"	holder(s) of the Share(s)
"Sichuan"	the Sichuan Province of the PRC
"sq.km."	square kilometres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"TFe"	the symbol for denoting total iron
"TiO_2"	the chemical symbol for titanium dioxide
"titanium concentrate(s)"	concentrate(s) whose main content (by value) is titanium dioxide
"Trisonic International"	Trisonic International Limited（合創國際有限公司）, a company incorporated in Hong Kong on 19 July 2006 and a Controlling Shareholder
"Type 333"	inferred intrinsic economic resources（推斷的內蘊經濟資源量）(Type 333) as defined in the Classification of Solid Mineral Resources and Reserves
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars" or "US$"	the lawful currency of the United States

"V_2O_5"	the chemical symbol for vanadium pentoxide
"Xiushuihe Mine"	秀水河鐵礦, the vanadium-bearing titano-magnetite mine located in Ailang Townlet, Huili County, Sichuan and operated by Xiushuihe Mining, with a mining area of 0.52 sq.km.
"Xiushuihe Mining"	Huili County Xiushuihe Mining Co., Ltd.* (會理縣秀水河礦業有限公司), a limited liability company established in the PRC on 26 June 2007, an indirect subsidiary of the Company that owns 95.0% equity interest
"Xiushuihe Processing Plant"	the ore processing plant located at the Xiushuihe Mine and operated by Xiushuihe Mining
"Yanglongshan Mine"	羊龍山鐵礦, the iron mine located at Yanglongshan in Wenchuan County, Sichuan, formerly an independent exploration region with an area of 8.79 sq.km. covered under the exploration permit of the Yanglongshan Mine, and has been consolidated as the Maoling-Yanglongshan Mine with the original Maoling Extended Exploration Area since September 2012
"Yangqueqing Mine"	陽雀箐鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan, with a mining area of 0.25 sq.km.
"Yangqueqing Mine's Expansion"	the area between the Yangqueqing Mine and the Baicao Mine
"Yuechuan Mining"	Liangshan Yuechuan Mining Co., Ltd.* (涼山州悅川礦業有限責任公司), a limited liability company established in the PRC on 8 July 2010

* *For identification purpose only*

By order of the Board
China Vanadium Titano-Magnetite Mining Company Limited
Jiang Zhong Ping
Chairman

Hong Kong, 17 March 2014

As at the date of this announcement, the Board comprises Mr. Jiang Zhong Ping (Chairman), Mr. Tang Wei and Mr. Roy Kong Chi Mo as executive Directors; Mr. Wang Jin, Mr. Teo Cheng Kwee and Mr. Yu Xing Yuan as non-executive Directors; and Mr. Yu Haizong, Mr. Gu Peidong and Mr. Liu Yi as independent non-executive Directors.

Website: www.chinavtmmining.com