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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately RMB383.9 million for the Reporting Period, representing a decrease of RMB452.8 million or 54.1% as compared to approximately RMB836.7 million for the six months ended 30 June 2013.
- The loss and total comprehensive loss attributable to the owners of the Company for the Reporting Period was approximately RMB129.0 million and the profit and total comprehensive income attributable to the owners of the Company for the six months ended 30 June 2013 was approximately RMB125.9 million.
- The basic and diluted loss per Share attributable to ordinary equity holders of the Company amounted to approximately RMB6 cents for the Reporting Period and the basic and diluted earnings per Share attributable to ordinary equity holders of the Company amounted to approximately RMB6 cents for the six months ended 30 June 2013.
- The Board does not recommend the payment of an interim dividend for the Reporting Period.

The Board hereby announces the unaudited interim condensed financial information of the Group for the Reporting Period together with the comparative information for the corresponding period as follows:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Notes	For the six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Revenue	3	**383,921**	836,672
Cost of sales		**(366,514)**	(509,117)
Gross profit		**17,407**	327,555
Other income and gains	4	**70,293**	46,477
Selling and distribution expenses		**(5,430)**	(44,457)
Administrative expenses		**(100,087)**	(63,235)
Other expenses		**(2,773)**	(14,076)
Impairment loss on property, plant and equipment	9	**(166,947)**	–
Finance costs	5	**(35,001)**	(52,082)
Share of profits and losses of joint ventures		**(284)**	(1,800)
PROFIT/(LOSS) BEFORE TAX	6	**(222,822)**	198,382
Income tax credit/(expense)	7	**94,376**	(69,584)
Profit/(loss) and total comprehensive income/(loss) for the period		**(128,446)**	128,798
Attributable to:			
Owners of the Company		**(128,971)**	125,938
Non-controlling interests		**525**	2,860
		(128,446)	128,798
Earnings/(loss) per share attributable to ordinary equity holders of the Company:			
– Basic and diluted	8	**RMB(0.06)**	RMB0.06

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2014

	Notes	**30 June 2014 RMB'000 (Unaudited)**	31 December 2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**1,565,180**	1,745,221
Intangible assets	*9*	**644,539**	586,402
Prepaid land lease payments	*9*	**42,835**	43,388
Investments in joint ventures	*10*	**3,194**	3,390
Financial assets at fair value through profit or loss	*11*	**314,473**	275,310
Prepayments and deposits	*12*	**48,590**	50,681
Payments in advance	*12*	**554,181**	200,577
Goodwill		**15,318**	15,318
Deferred tax assets		**107,346**	75,987
Total non-current assets		**3,295,656**	2,996,274
CURRENT ASSETS			
Inventories		**192,430**	141,663
Trade and bills receivables	*13*	**656,033**	385,339
Prepayments, deposits and other receivables	*12*	**340,092**	234,775
Investments in joint ventures	*10*	**9,905**	9,993
Due from related parties	*14*	**600**	600
Pledged time deposits	*15, 16(a)*	**272,356**	441,853
Cash and cash equivalents		**333,121**	1,295,018
Total current assets		**1,804,537**	2,509,241
CURRENT LIABILITIES			
Trade and bills payables	*15*	**686,405**	944,490
Other payables and accruals		**335,227**	293,156
Commercial paper liabilities		**150,000**	150,000
Interest-bearing bank and other loans	*16*	**394,463**	362,439
Due to related parties	*14*	**9,048**	8,514
Tax payables		**1,749**	66,950
Dividend payable		**1,801**	1,801
Total current liabilities		**1,578,693**	1,827,350
NET CURRENT ASSETS		**225,844**	681,891
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,521,500**	3,678,165

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	*16*	**50,800**	50,800
Provision for rehabilitation		**9,134**	8,748
Deferred income		**4,000**	4,000
Other payable		**650**	650
Total non-current liabilities		**64,584**	64,198
Net assets		**3,456,916**	3,613,967
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**182,787**	182,787
Reserves		**3,240,830**	3,362,363
Proposed final dividend		**–**	36,043
		3,423,617	3,581,193
Non-controlling interests		**33,299**	32,774
Total equity		**3,456,916**	3,613,967

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2014

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 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 the Reporting Period, the Group were principally engaged in the business of mining, ore processing, sale of vanadium-bearing iron concentrates, ordinary iron concentrates and titanium concentrates, and management of strategic investments. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

In the opinion of the Directors, Trisonic International is the parent and ultimate holding company of the Company.

2.1 BASIS OF PREPARATION

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

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of new and revised International Financial Reporting Standards ("IFRSs") and amendments to IFRSs issued by the International Accounting Standards Board that are effective for annual periods beginning on or after 1 January 2014. The adoption of these new and revised IFRSs and amendments has had no significant financial effect on the financial position or performance of the Group.

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, which is 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, 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 the purposes of resources allocation and performance assessment. In addition, the principal non-current assets employed by the Group are located in Sichuan Province, the PRC. 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 Reporting Period:

	For the six months ended 30 June			
	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Self-produced products:				
Vanadium-bearing iron concentrates	**178,692**	**46.6**	660,970	79.0
Ordinary iron concentrates	**22,604**	**5.9**	39,504	4.7
High-grade titanium concentrates	**7,462**	**1.9**	103,571	12.4
Iron pellets	**–**	**–**	32,627	3.9
Trading of iron ore products	**175,163**	**45.6**	–	–
	383,921	**100.0**	836,672	100.0

Geographical information

All external revenues of the Group during each of the six months ended 30 June 2014 and 2013 were attributable to customers established in the PRC, the place of domicile of the Group's operating entities. Meanwhile, the Group's principal non-current assets are all located in Mainland China.

Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue, is set out below:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**179,524**	146,281
Customer B	**69,944**	180,927
Customer C	**66,196**	126,728
Customer D	*	119,024
Customer E	*	96,599

* *Less than 10%*

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**23,003**	25,156
Sale of raw materials	**116**	2,095
Iron pellets processing fee	**–**	3,239
Government grant*	**7,613**	300
Foreign exchange gains, net	**–**	1,767
Fair value gains on financial assets at fair value through profit or loss *(note 11)*	**39,163**	13,857
Miscellaneous	**398**	63
Total other income and gains	**70,293**	46,477

* *There were no unfulfilled conditions or contingencies relating to the government grant.*

5. FINANCE COSTS

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other loans wholly repayable within five years	**13,698**	10,035
Interest on short term commercial paper	**5,919**	4,310
Interest on discounted bills receivable *(note 13)*	**11,247**	36,534
Unwinding of discount on provision	**385**	265
	31,249	51,144
Less: Interest capitalised to property, plant and equipment *(note 9 (a))*	**–**	(276)
	31,249	50,868
Foreign exchange losses, net	**2,071**	–
Others	**1,681**	1,214
	35,001	52,082
Interest rates of borrowing costs capitalised	**–**	7.04%

6. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**366,514**	509,117
Employee benefit expense (including Directors' remuneration)*	**53,529**	67,926
Depreciation and amortisation expenses *(note 9)*	**90,793**	89,346
Loss on disposal of items of property, plant and equipment	**910**	–
Impairment loss on property, plant and equipment *(note 9)*	**166,947**	–
Minimum lease payments under operating leases:		
– Land	**–**	27
– Office	**869**	930
Auditors' remuneration	**1,300**	1,250
Foreign exchange losses/(gains), net	**2,071**	(1,767)
Amortisation of prepaid technical service fee *(note 12(a))*	**2,067**	2,067
Fair value gains on financial assets at fair value through profit or loss *(note 11)*	**(39,163)**	(13,857)

* *Total employee benefit expense for the Reporting Period includes equity-settled share option expense of RMB7,438,000 (six months ended 30 June 2013: RMB8,903,000).*

7. INCOME TAX

	Notes	For the six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Current – Mainland China			
Charged for the period	*(a)*	**1,953**	54,243
Under/(over) provision in prior years	*(b), (c)*	**(64,970)**	17,361
Deferred		**(31,359)**	(2,020)
Total tax charge/(credit) for the period		**(94,376)**	69,584

Notes:

(a) Except for Aba Mining, Huili Caitong and Xiushuihe Mining, which enjoyed a preferential tax rate of 15% according to the "Western Development Policy", the subsidiaries of the Group located in China are liable to PRC corporate income tax ("CIT") at a rate of 25% on the assessable profits generated for the Reporting Period.

(b) Pursuant to the notice 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 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 (the "Catalogue"). As Xiushuihe Mining has not obtained the aforesaid confirmation from the SPEIC in 2013, the PRC CIT was calculated at the rate of 25% on its assessable profits generated during the year ended 31 December 2013.

Pursuant to the approval document issued by the tax bureau of Huili County on 19 March 2014, Xiushuihe Mining is entitled to a preferential tax rate of 15% since 2013 according to "Western Development Policy" as it is engaged in the encouraged industries listed in the Catalogue based on the confirmation obtained from the SPEIC on 30 December 2013 and revenue from such activities during the year ended 31 December 2013 and the Reporting Period accounted for over 70% of its total revenue. Consequently, the overprovided income tax for the year ended 31 December 2013 of RMB9,667,000 was reversed in the income tax expense for the Reporting Period.

(c) Pursuant to the approval document issued by the tax bureau of Huili County on 9 December 2013, Huili Caitong was entitled to a preferential tax rate of 15% since 2012 according to the "Western Development Policy" as it is engaged in the encouraged industries listed in the Catalogue based on the confirmation obtained from the SPEIC on 8 July 2013. During the years ended 31 December 2012 and 2013, Huili Caitong purchased certain iron concentrates from Xiushuihe Mining and sold to independent third parties customers after the iron concentrates were further processed at the processing plant of Huili Caitong in order to improve the iron concentrates grade. There is no clear guidance as to whether the above processing activities would fall within the Catalogue. If those processing activities do not fall within the Catalogue, the revenue of Huili Caitong from the encouraged industries listed in the Catalogue would fail to meet the 70% of its total revenue, a prerequisite to enjoy a preferential tax rate under the "Western Development Policy". Therefore, Huili Caitong continued to adopt the rate of 25% for its PRC CIT computation for the years ended 31 December 2012 and 2013.

The preferential income tax rate of 15% for the years ended 31 December 2012 and 2013 was confirmed by the tax bureau of Huili County in May 2014 as Huili Caitong submitted a representation to the tax bureau of Huili County based on the communication with the SPEIC, which clarifies the reason of providing the above-mentioned processing activities. Consequently, the overprovided income tax for the years ended 31 December 2012 and 2013 aggregated to RMB55,303,000 was reversed in the income tax expense for the Reporting Period.

(d) During the Reporting Period, no share of tax attributable to joint ventures was included in "Share of profits and losses of joint ventures" in profit or loss (six months ended 30 June 2013: RMB557,000).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of loss per share is based on the loss attributable to owners of the Company for the Reporting Period of RMB128,971,000 (six months ended 30 June 2013: profit attributable to owners of the Company of RMB125,938,000), and the weighted average number of ordinary shares of 2,075,000,000 (six months ended 30 June 2013: 2,075,000,000) in issue during the Reporting Period.

No adjustment has been made to the basic earnings per share amounts presented for each of the six months ended 30 June 2013 and 2014 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 each of the six months ended 30 June 2013 and 2014.

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

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

	Property, plant and equipment *RMB'000* **(Unaudited)** *(notes (a), (b) & (c))*	**Intangible assets** *RMB'000* **(Unaudited)**	**Prepaid land lease payments** *RMB'000* **(Unaudited)**
Carrying amounts at 1 January 2014	**1,745,221**	**586,402**	**43,388**
Additions	**59,361**	**77,101**	**–**
Disposals	**(1,179)**	**–**	**–**
Impairment *(note 6)*	**(166,947)**	**–**	**–**
Depreciation/amortisation charged for the period *(note 6)*	**(71,276)**	**(18,964)**	**(553)**
Carrying amounts at 30 June 2014	**1,565,180**	**644,539**	**42,835**

Notes:

(a) No interest capitalised in respect of bank loans was included in additions to property, plant and equipment during the Reporting Period (six months ended 30 June 2013: RMB276,000).

(b) As at 30 June 2014, the Group was in the process of obtaining the relevant building ownership certificates ("BOCs") for certain buildings with an aggregate net carrying amount of RMB5,270,000 (31 December 2013: RMB5,425,000). The Group's buildings can be sold, transferred or mortgaged when the relevant BOCs have been obtained.

(c) An impairment loss of RMB166,947,000 (31 December 2013: Nil) was recognised during the Reporting Period to write down the carrying amounts of the production machinery in the Iron Pelletising Plant to their recoverable amounts. The recoverable amounts were determined with reference to the best information available to reflect amount that the Group would obtain from the disposal of the production machinery in the Iron Pelletising Plant at the end of the useful life of the production machinery with a discount rate of 12%.

10. INVESTMENTS IN JOINT VENTURES

	30 June 2014 *RMB'000* **(Unaudited)**	31 December 2013 *RMB'000*
Unlisted investments, at cost:		
– Sichuan Xinglian Mining and Technology Construction Co., Ltd. ("Sichuan Xinglian")	**550**	550
– Liangshan Prefecture Weichuan Mining Co., Ltd. ("Weichuan Mining")	**10,500**	10,500
	11,050	11,050
Share of profits and losses		
– Sichuan Xinglian	**2,644**	2,840
– Weichuan Mining	**(595)**	(507)
	2,049	2,333
Share of net assets	**13,099**	13,383
Balances classified as non-current portion	**3,194**	3,390
Balances classified as current portion*	**9,905**	9,993

* *On 17 January 2014, the shareholders of Weichuan Mining decided to terminate the cooperative agreement and voluntarily wind up Weichuan Mining. Winding up Weichuan Mining is expected to be completed in September 2014. Therefore, the investment in Weichuan Mining is classified as a current asset.*

Particulars of the Company's joint ventures ("JVs"), both of which are indirectly held by the Company, are as follows:

Name	**Paid-up capital** *RMB'000*	**Place of establishment**	**Percentage of ownership interest**
Sichuan Xinglian	1,000	PRC	55%
Weichuan Mining	20,500	PRC	51%

In the opinion of the Directors, according to the articles of association of the above JVs, neither the Group nor the other shareholders has the controlling power over these JVs to affect the amount of the investor's returns. Accordingly, investments in these JVs are accounted for as investments in joint ventures.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The balance represented Exchangeable Notes acquired by the Group in 2011 and designated by the Group as financial assets at fair value through profit or loss upon initial recognition. The movements in the fair value of the Exchangeable Notes during each of the six months ended 30 June 2013 and 2014 are as follows:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Carrying amount at 1 January	**275,310**	239,272
Fair value gains on financial assets at fair value through profit or loss recognised during the period*	**39,163**	13,857
Carrying amount at 30 June	**314,473**	253,129

* *Included in the fair value gains on financial assets at fair value through profit or loss recognised during the Reporting Period is the amortisation of day one profit of RMB1,546,000 during the Reporting Period (six months ended 30 June 2013: RMB1,659,000).*

The fair values of the Exchangeable Notes were estimated by an independent valuer using the Binomial Lattice Model. The following table lists the key inputs to the model used:

	30 June 2014	31 December 2013
Valuation of liability component		
Risk-free interest rate (Indonesia) *(% per annum)*	**0.51**	1.85
Credit spread *(%)*	**18.65**	20.28
Valuation of embedded derivatives		
Current market capitalisation *(USD in millions)*	**119**	343
Coupon rate *(% per annum)*	**–**	–
Dividend yield *(% per annum)*	**–**	–
Equity return volatility *(% per annum)*	**41.30**	47.28
Probability of Initial Public Offering *(% per month for each Lattice step)*	**0**	6
Maturity date	**25 November 2014**	25 November 2014
Lattice step	**5**	12
Non-marketability *(%)*	**20**	20

In respect of the financial assets at fair value through profit or loss, the Group uses the valuation technique of the Binomial Lattice Model to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value at initial recognition (which, in accordance with IAS 39, is generally the transaction price) and the amount determined at initial recognition using this valuation technique. Such differences are not recognised on their initial recognition but are amortised over the lives of the financial instruments using the straight-line method and the amortisation was included in the change in fair value of financial assets through profit or loss.

Such differences yet to be recognised in profit or loss are as follows:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Carrying amount at 1 January	**2,997**	5,996
Amortised to profit or loss during the period	**(1,546)**	(1,659)
Carrying amount at 30 June	**1,451**	4,337

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

		30 June	31 December
		2014	2013
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	
Current portion:			
Prepayments consist of:			
Prepaid technical service fee		**4,133**	4,133
Purchase of raw materials and services		**2,585**	1,240
Purchase of iron concentrates	*(a)*	**191,407**	148,677
Utilities		**6,304**	4,263
Prepayment for the use right of a road		**45**	45
Prepayment for acquisition of an associate	*(b)*	**4,890**	34,890
Prepaid stripping fees	*(c)*	**108,214**	–
Other prepayments		**7,818**	3,994
Deposits		**–**	14,000
Interest income receivable		**11,477**	19,077
Consideration in respect of disposal of the old iron pelletising plant		**–**	1,266
Other receivables		**3,219**	3,190
		340,092	234,775
Non-current portion:			
Prepaid technical service fee		**39,267**	41,334
Prepayment for the use right of a road		**850**	874
Compensation receivable		**2,452**	2,452
Long-term environmental rehabilitation deposits		**6,021**	6,021
		48,590	50,681
		388,682	285,456
Payments in advance in respect of:			
Purchase of plant and equipment		**156**	577
Acquisition of subsidiaries	*(d)*	**554,025**	200,000
Total payments in advance		**554,181**	200,577

Notes:

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

(b) The balance represented a prepayment made for acquiring the 30% equity interests in Liangshan Yuechuan Mining Co., Ltd. ("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 mining to obtain necessary mining permit for its operation and the additional expenses that would be incurred to reach the stage of commercial production. Consequently, the Group collected RMB30,000,000 from Yuechuan Mining in March 2014.

(c) The balance represented prepaid stripping fees made to an independent third party contractor for stripping and mining activities at Xiushuihe Mine so as to entitle lower stripping and mining rates offered by the said contractor.

(d) The balance consisted of (i) the prepayment of RMB354,025,000 made to Panzhihua Shuhai Construction Co., Ltd. ("Panzhihua Shuhai"), an independent third party in respect of the acquisition of 51% equity interests in the Target Company at a consideration of RMB370,000,000, pursuant to an equity purchase agreement entered between Huili Caitong and Panzhihua Shuhai on 22 May 2014; and (ii) the prepayment of RMB200,000,000 made to the Sellers, all of whom are independent third parties, in respect of the acquisition of 100% equity interests in Panzhihua Yixingda at a consideration at least RMB600,000,000 (subject to increase depending on the volume of mineral resources and reserves of iron ore), pursuant an equity purchase agreement entered between Lingyu and the Sellers on 28 December 2011.

13. TRADE AND BILLS RECEIVABLES

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(Unaudited)	
Trade receivables	**615,933**	381,535
Bills receivable	**40,100**	3,804
	656,033	385,339

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, which is further extended to six months since 1 April 2014 given the unfavourable market conditions. Trade receivables are non-interest-bearing and unsecured.

An aged analysis of the trade receivables as at the end of each reporting period, based on the invoice date, is as follows:

	30 June 2014 *RMB'000* **(Unaudited)**	31 December 2013 *RMB'000*
Within 3 months	**282,100**	381,535
3 to 6 months	**132,332**	–
6 to 9 months	**201,501**	–
	615,933	381,535

As at 30 June 2014, trade receivables with a carrying amount of RMB31,240,000 (31 December 2013: Not applicable) were pledged to secure certain bank loans granted to the Group *(note 16(a))*.

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	30 June 2014 *RMB'000* **(Unaudited)**	31 December 2013 *RMB'000*
Neither past due nor impaired	**414,432**	381,535
Less than 6 months past due	**201,501**	–
	615,933	381,535

Receivables that were past due but not impaired relate to the Group's certain customers that have a good record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As at 30 June 2014, 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 RMB36,906,000 (31 December 2013: RMB226,480,000); furthermore, as at 30 June 2014 the Group discounted certain bills receivable accepted by banks in the PRC, with a carrying amount in aggregate of RMB101,090,000 (31 December 2013: RMB410,342,000) (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 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 equals to their carrying 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 Reporting Period, the Group has recognised interest expense of RMB11,247,000 (six months ended 30 June 2013: RMB36,534,000) *(note 5)* on discounted bills receivable. No gains or losses were recognised from the Continuing Involvement, both during the Reporting Period or cumulatively. The endorsement and discount have been made evenly throughout the Reporting Period.

14. BALANCES WITH RELATED PARTIES

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Due from related parties:		
– Non-trade in nature	**600**	600
Due to related parties:		
– Non-trade in nature	**9,048**	8,514

All the balances with related parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

15. TRADE AND BILLS PAYABLES

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Trade payables	**293,791**	287,070
Bills payable	**392,614**	657,420
	686,405	944,490

An aged analysis of the trade payables and bills payable as at 30 June 2014 and 31 December 2013, based on the invoice date or issuance date, is as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Within 180 days	**514,559**	807,852
181 to 365 days	**75,413**	62,974
1 to 2 years	**71,821**	61,449
2 to 3 years	**20,427**	11,545
Over 3 years	**4,185**	670
	686,405	944,490

Trade payables are non-interest-bearing and are normally settled in 60 to 180 days and the bills payable were with maturity period of 90 or 180 days.

As at 30 June 2014, the Group's bills payable of RMB382,613,000 (31 December 2013: RMB657,420,000) were secured by pledged time deposits of RMB169,888,000 (31 December 2013: RMB291,835,000).

16. INTEREST-BEARING BANK AND OTHER LOANS

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Bank loans:			
Secured	*(a)*	**115,463**	138,239
Unsecured	*(b)*	**309,800**	255,000
Guaranteed	*(c)*	**16,000**	16,000
Other loans, unsecured	*(d)*	**4,000**	4,000
		445,263	413,239
Bank loans repayable:			
Within one year or on demand		**391,263**	359,239
In the second year		**25,000**	25,000
In the third to fifth years, inclusive		**25,000**	25,000
		441,263	409,239
Other loans repayable:			
Within one year or on demand		**3,200**	3,200
In the second year		**800**	800
		4,000	4,000
Total bank and other loans		**445,263**	413,239
Balances classified as current liabilities		**(394,463)**	(362,439)
Balances classified as non-current liabilities		**50,800**	50,800

Notes:

(a) As at 30 June 2014, the bank loans of RMB95,463,000 and RMB20,000,000 were secured by the pledge of time deposits of RMB102,468,000 and trade receivables of RMB31,240,000 *(note 13)*, respectively and bear interest at the rate of 3.10% per annum above LIBOR Rate and fixed rate of 6.06% per annum, respectively.

(b) As at 30 June 2014, Huili Caitong had unsecured interest-bearing bank loans of RMB225,000,000 at fixed rates ranging from 6.0% to 6.55% per annum. In accordance with the bank loan agreements entered into between Huili Caitong and the lender, Huili Caitong agreed not to mortgage or pledge Huili Caitong's mining rights to Baicao Mine and the iron concentrates production line with an annual production capacity of 500,000 tonnes to any other parties, and lender will be entitled to a pre-emption right in the event of such mortgage or pledge.

In addition, as at 30 June 2014, Huili Caitong had unsecured interest-bearing bank loans of RMB84,800,000 at fixed rates ranging from 6.0% to 6.6% per annum and were guaranteed by the Company at nil consideration.

(c) As at 30 June 2014, Aba Mining had long-term interest-bearing bank loans of RMB16,000,000, bearing interest at the fixed rate of 7.04% per annum which are due for repayment within one year. These long-term bank loans were jointly guaranteed by related parties for nil consideration.

(d) As at 30 June 2014, 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.

17. SHARE OPTION SCHEMES

On 4 September 2009, the Company adopted 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 adopted 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 Board considers, in its 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.

On 15 April 2014, the Company granted options to subscribe for a total of 41,900,000 new Shares in the share capital of the Company to the eligible participants under the New Option Scheme adopted in 2010. Eligible participants include the Company's Directors, including non-executive Directors, and other employees of the Group. The options will remain in force for 10 years from the date of grant.

The following share options were outstanding under the Old Option Scheme and New Option Scheme during the Reporting Period:

	Notes	**Weighted average exercise price** *HK$ per Share*	**Number of options** *'000*
As at 1 January 2014	*(a)*	4.34	56,900
Granted during the Reporting Period	*(b)*	1.00	41,900
As at 30 June 2014		2.93	98,800

Notes:

(a) The share options outstanding as at 1 January 2014 represented share options granted under the Old Option Scheme and the New Option Scheme by the Company on 29 December 2009, 1 April 2010 and 23 May 2011 at the exercise prices of HK$5.05, HK$4.99 and HK$3.60 per Share, respectively.

(b) On 15 April 2014, options to subscribe for a total of 41,900,000 new Shares in the share capital of the Company were granted under the New Option Scheme at the exercise price of HK$1.00 per Share.

The exercise prices and exercise periods of the share options outstanding as at 30 June 2014 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**
20,950	**1.00**	**15 October 2014 to 14 April 2024**
10,475	**1.00**	**15 April 2015 to 14 April 2024**
10,475	**1.00**	**15 October 2015 to 14 April 2024**
98,800		

The Group has 42,100,000 share options exercisable as at 30 June 2014, and the weighted average exercise price was HK$2.56 per Share.

The fair value of share option granted during the Reporting Period was HK$15,832,000 (equivalent to approximately RMB12,572,000) or HK$0.38 each (equivalent to approximately RMB0.30 each). The Group recognised a share option expense of HK$9,367,000 (equivalent to approximately RMB7,438,000) during the Reporting Period (six months ended 30 June 2013: HK$11,000,000, equivalent to approximately RMB8,903,000).

The fair value of equity-settled share options granted was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Equity-settled share options granted on			
	15 April 2014	**23 May 2011**	**1 April 2010**	**29 December 2009**
Dividend yield *(%)*	2.17	2.07	1.36	1.41
Expected volatility *(%)*	49.47	62.40	66.40	68.56
Risk-free interest rate *(%)*	2.270	2.430	2.788	2.652

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

As at 30 June 2014, the Company had 29,600,000 share options outstanding under the Old Option Scheme and 69,200,000 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 98,800,000 additional Shares of the Company and additional share capital of HK$9,880,000 and share premium of HK$279,216,000 (before issue expenses).

At the date of approval of this interim condensed financial information, the Company had 98,800,000 share options outstanding, which represented approximately 4.76% of the Company's Shares in issue as at that date.

18. DIVIDENDS

At a meeting of the Board held on 25 August 2014, the Directors resolved not to pay an interim dividend to Shareholders (six months ended 30 June 2013: nil).

The proposed final dividend of HK$0.022 per Share (equivalent to approximately RMB0.017 per Share) for the year ended 31 December 2013 was declared and paid during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Reporting Period, the operating environment in China has remained challenging and complicated. Overcapacity in steel industry continued to be a serious issue. In addition, the country also faced anti-dumping duty sanctions imposed by countries such as the US, Canada and Mexico on steel products originating from China, which has exacerbated the overall operating environment of the market and adversely affected the price of iron ore.

During the Reporting Period, the sluggish sentiment of the downstream market and the excessive production capacity of steel companies in China have dampened market demand and resulted in a decrease in both the sales volume and price of iron ore. The China Iron Ore Price Index compiled by the China Iron & Steel Association (中國鋼鐵工業協會) (the "CISA") fell from 453.37 in early January 2014 to 326.85 in late June 2014, a further decline since the first half of last year. In addition, the China Steel Price Index compiled by the CISA also declined from 107.06 in early January 2013 to 98.93 in early January 2014, and further declined to 92.99 in late June 2014, indicative of the strong downward trend of steel prices during the first half of 2014. Due to the longstanding oversupply, low utilisation, pollution issues and the continued low price of steel, the steel industry has recorded losses for 10 consecutive quarters. The CISA commented that the first quarter of 2014 was the "most difficult quarter for the steel industry". Sichuan, where the Group operates, was inevitably affected.

As for the titanium industry, the overall titanium market was also weak and the Panxi Region recorded both low market prices and reduced utilisation rates. The continued decline in the price of domestic titanium concentrates together with the weak demand in the downstream market has substantially affected the profits of mining companies, many of whom have recorded losses with some forced to suspend production. The price of high-grade titanium concentrates in Panzhihua (packaging and without value added tax) dropped from RMB1,094.0/tonne in early January 2013 to RMB668.0/tonne in January 2014. It further reduced to RMB610.0/tonne in June 2014. However, as the overall titanium market has recently shown signs of recovery, the price in early August 2014 in Panzhihua has slightly increased to RMB640.0/tonne the most.

Earlier this year, the China Banking Regulatory Commission (中國銀行業監督管理委員會) has clearly stated that it will implement strict credit control within industries with overcapacity. Presently the steel industry has a generally higher gearing ratio and the number of companies with a broken capital chain has increased. Related industry statistics reported that 28 listed steel companies in China recorded liabilities of RMB712.8 billion at the end of 2013. The credit tightening by the banks has increased the financing costs of the steel companies and presented obstacles to securing operating capital. The operating environment of the steel industry in general has become even more difficult as a result. In view of the difficult situation that the Group's customers are facing, the Group will timely and closely monitor the recoverability of the trade and bills receivables.

In view of the sluggish market demand, the Group's operation has been substantially affected both in terms of sales volume and selling prices. Production of the Group's Iron Pelletising Plant continued to be suspended during the Reporting Period and hence, a significant suspension expense and an impairment loss on property, plant and equipment were incurred which have adversely affected the Group's results.

BUSINESS AND OPERATIONS REVIEW

During the Reporting Period, due to the severe unfavourable downstream market and the production reduction of steel companies within the Panxi Region, the demand of upstream market declined, which led to the periodic suspension of production and adversely affected our performance. The Group's revenue significantly decreased by 54.1% to approximately RMB383.9 million as compared to the corresponding period of last year. Gross profit of the Group also significantly decreased by 94.7% to approximately RMB17.4 million as compared to the corresponding period of last year. The loss and total comprehensive loss attributable to owners of the Company was approximately RMB129.0 million.

In July 2013, the Group has engaged 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") to prepare a geological exploration report and engaged two independent research institutes to prepare beneficiation and metallurgical testing reports on niobium and tantalum ore resources at the Baicao Mine. 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 decided to terminate all exploration work from 5 March 2014. The normal mining operations at the Baicao Mine resumed on 13 March 2014.

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 22 May 2014, Huili Caitong and Panzhihua Shuhai entered into an equity transfer agreement pursuant to which Panzhihua Shuhai had conditionally agreed to sell the equity interest, being 51% of the paid-up registered capital of the Target Company to Huili Caitong at a consideration of RMB370.0 million. The Target Company has a wholly-owned subsidiary, namely Hanyuan County Xinjin Mining Co., Ltd.*（漢源縣鑫金礦業有限公司）("Hanyuan Xinjin") which currently holds the mining permit of the Shigou Gypsum Mine with an annual output of 300.0 Kt of gypsum raw ore. The consideration was determined based on arm's length negotiations between the Parties after taking into account primarily comparable transaction analysis of mining company acquisitions, consideration paid per unit of mining resource and discount applied to the prevailing market price of the mining products. Accordingly, the Board was of the view that the acquisition (including the consideration) was fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On 28 May 2014, Lingyu and the Sellers entered into a second supplemental agreement, whereby the Sellers would instruct the independent geological agent (the "Geological Agent") to carry out further exploration works on the Haibaodang Mine for a period of six months from 1 June 2014. The Board would consider the results of the further exploration works, and also conduct its own analysis of the economic value of the Haibaodang Mine based on such results. For details of the aforesaid events, please refer to the section headed "Other Significant Events" in this announcement.

As at 30 June 2014, the Group owned the Baicao Mine, the Xiushuihe Mine, the Yangqueqing Mine, the Cizhuqing Mine and the Maoling-Yanglongshan Mine. Furthermore, the Group owned the Baicao Processing Plant, the Xiushuihe Processing Plant, the Hailong Processing Plant, the Heigutian Processing Plant and the Iron Pelletising Plant in the Panxi Region and also owned the Maoling Processing Plant in Aba Prefecture. As at 30 June 2014, 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:

	Six months ended 30 June		
	2014	2013	Change
	(Kt)	*(Kt)*	*(%)*
Vanadium-bearing iron concentrates			
Baicao Processing Plant	**39.4**	223.1	-82.3
Xiushuihe Processing Plant	**177.9**	319.9	-44.4
Heigutian Processing Plant	**164.6**	348.9	-52.8
Hailong Processing Plant	**58.7**	98.5	-40.4
Total production volume	**440.6**	990.4	-55.5
Total sales volume	**363.2**	1,112.2	-67.3
Ordinary iron concentrates			
Maoling Processing Plant	**40.3**	41.3	-2.4
Total production volume	**40.3**	41.3	-2.4
Total sales volume	**22.6**	37.8	-40.2
Purchased from an independent third party for trading purpose	**227.7**	–	100.0
Sale to an independent third party for trading purpose	**220.8**	–	100.0

	Six months ended 30 June		
	2014	2013	Change
	(Kt)	*(Kt)*	*(%)*
Iron pellets			
Iron Pelletising Plant	**–**	25.7	-100.0
Total production volume	**–**	25.7	-100.0
Total sales volume	**–**	38.3	-100.0
High-grade titanium concentrates			
Baicao Processing Plant	**1.5**	39.0	-96.2
Xiushuihe Processing Plant	**11.6**	43.0	-73.0
Heigutian Processing Plant	**1.4**	26.4	-94.7
Total production volume	**14.5**	108.4	-86.6
Total sales volume	**16.9**	118.5	-85.7

The significant decrease in the market demand coupled with the exploration work carried out for the potential niobium and tantalum ore resources at the Baicao Mine before 13 March 2014 led to the significant decline in total production volume and total sales volume for the Group's products. Total production volume and total sales volume of vanadium-bearing iron concentrates decreased by 55.5% and 67.3%, respectively as compared to the corresponding period of last year. Total production volume and total sales volume of ordinary iron concentrates decreased by 2.4% and 40.2%, respectively as compared to the corresponding period of last year. Total production volume and total sales volume of high-grade titanium concentrates decreased by 86.6% and 85.7%, respectively as compared to the corresponding period of last year. There was no output for iron pellets during the Reporting Period.

During the Reporting Period, the Group continued to conduct the trading business with the independent third parties for ordinary iron concentrates, the purchase of ordinary iron concentrates and the sales of ordinary iron concentrates for trading purpose were 227.7 Kt and 220.8 Kt, respectively. The agreements entered into between the Group and the independent third parties 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

During the Reporting Period, the Group's revenue was approximately RMB383.9 million (six months ended 30 June 2013: RMB836.7 million), representing a decrease of 54.1% as compared to the corresponding period in 2013. Such decrease was due to the significant decrease in sales volume and average selling prices of the Group's products. The revenue also included the sale of ordinary iron concentrates to an independent third party of approximately RMB175.2 million for trading purpose.

Cost of Sales

The 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. During the Reporting Period, the Group's cost of sales was approximately RMB366.5 million (six months ended 30 June 2013: RMB509.1 million), representing a decrease of 28.0% as compared to the corresponding period in 2013. The decrease was primarily due to the significant decrease in sales volume of the Group's products. During the Reporting Period, the unit production costs of vanadium-bearing iron concentrates increased as compared to the corresponding period in 2013 mainly because of the increased stripping costs, depreciation and other miscellaneous expenses and the increase in stripping costs which was primarily due to the higher ratio of waste to raw iron ore during the extraction.

Gross Profit and Margin

As a result of the foregoing, the gross profit during the Reporting Period decreased by 94.7%, from approximately RMB327.6 million to approximately RMB17.4 million. The gross profit margin decreased from approximately 39.2% for the six months ended 30 June 2013 to approximately 4.5% for the Reporting Period. The decrease in gross profit margin was primarily because of the decreased selling prices of the Group's products due to unfavourable market conditions, coupled with the impact of increased unit production costs as explained above.

Other Income and Gains

The other income and gains increased by 51.2%, from approximately RMB46.5 million for the six months ended 30 June 2013 to approximately RMB70.3 million for the Reporting Period. The other income and gains of the Group for the Reporting Period mainly included bank interest income, fair value gains on the Exchangeable Notes and government grant from local government.

Selling and Distribution Expenses

The selling and distribution expenses decreased by 87.9%, from approximately RMB44.5 million for the six months ended 30 June 2013 to approximately RMB5.4 million for the Reporting Period. The selling and distribution expenses primarily consisted of transportation fees, which mainly represented the road transportation costs, goods loading and unloading fees, platform storage and administration fees. The decrease was mainly due to (i) the significant decrease in sales volume of the Group's products and (ii) the decrease in transportation expenses, as the Group's major subsidiary, Huili Caitong stopped to transport the products to the designated railway stations since May 2013.

Administrative Expenses

The administrative expenses increased by 58.4%, from approximately RMB63.2 million for the six months ended 30 June 2013 to approximately RMB100.1 million for the Reporting Period. The increase in administrative expenses was mainly because the suspension expenses during the Reporting Period including staff costs and overheads were recorded in the administrative expenses in aggregate of approximately RMB43.1 million, as a result of (i) the suspension of production of the Iron Pelletising Plant and (ii) the periodic suspension of production in the Baicao Mine and the Xiushuihe Mine.

The equity-settled share option expenses of approximately RMB7.4 million for the Reporting Period (six months ended 30 June 2013: RMB8.9 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 15 April 2014, respectively.

Other Expenses

The other expenses decreased by 80.1%, from approximately RMB14.1 million for the six months ended 30 June 2013 to approximately RMB2.8 million for the Reporting Period, mainly representing bank charges.

Impairment Loss

The impairment loss was approximately RMB166.9 million for the Reporting Period, representing the impairment loss on property, plant and equipment of the Iron Pelletising Plant.

Finance Costs

The finance costs decreased by 32.8%, from approximately RMB52.1 million for the six months ended 30 June 2013 to approximately RMB35.0 million for the Reporting Period, primarily due to the decrease in interest on discounted bills receivable.

Income Tax Credit/(Expense)

The income tax credit for the Reporting Period was RMB94.4 million and the income tax expense for the six months ended 30 June 2013 was RMB69.6 million. The income tax credit for the Reporting Period mainly included (i) the over-provision of income tax for Huili Caitong of approximately RMB55.3 million for the years 2012 and 2013, as the local tax bureau informed that Huili Caitong is entitled to the preferential tax rate of 15% in May 2014; (ii) the over-provision of income tax for Xiushuihe Mining of approximately RMB9.7 million for the year 2013, as Xiushuihe Mining obtained the confirmation from the SPEIC on 30 December 2013 and further obtained the approval document issued by the local tax bureau on 19 March 2014 for its entitlement of the preferential tax rate of 15%; and (iii) the deferred income tax assets of approximately RMB31.4 million for the impairment loss on property, plant and equipment of the Iron Pelletising Plant during the Reporting Period.

Profit/(Loss) and Total Comprehensive Income/(Loss)

As a result of the foregoing, the loss and total comprehensive loss for the Reporting Period was approximately RMB128.4 million and the profit and total comprehensive income for the six months ended 30 June 2013 was approximately RMB128.8 million.

Profit/(Loss) and Total Comprehensive Income/(Loss) Attributable to Owners of the Company

The loss and total comprehensive loss attributable to owners of the Company was approximately RMB129.0 million for the Reporting Period and the profit and total comprehensive income attributable to owners of the Company was approximately RMB125.9 million for the six months ended 30 June 2013.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the Reporting Period.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets out certain information regarding the Group's consolidated statement of cash flows for each of the six months ended 30 June 2014 and 2013:

	Six months ended 30 June			
	2014		2013	
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents as stated in the consolidated statement of cash flows for the year ended 31 December 2013/2012		**115,018**		375,346
Net cash flows (used in)/from operating activities	**(621,461)**		72,059	
Net cash flows from/(used in) investing activities	**844,033**		(311,804)	
Net cash flows (used in)/from financing activities	**(5,641)**		47,012	
Net increase/(decrease) in cash and cash equivalents		**216,931**		(192,733)
Effect of foreign exchange rate changes, net		**1,172**		(293)
Cash and cash equivalents as stated in the interim consolidated statement of cash flows for the six months ended 30 June 2014/2013		**333,121**		182,320

Net Cash Flows (Used in)/from Operating Activities

The Group's net cash flows from operating activities were approximately RMB72.1 million for the six months ended 30 June 2013 and the net cash flows used in operating activities were approximately RMB621.5 million for the Reporting Period. It primarily included (i) the loss before tax of approximately RMB222.8 million; (ii) the increase in trade and bills receivables of approximately RMB270.7 million which was mainly due to the extension of credit terms; (iii) the increase in prepayments, deposits and other receivables of approximately RMB112.9 million which was mainly due to a prepayment made for the stripping activities in order to entitle the decrease in unit stripping cost and (iv) the decrease in trade and bills payables of approximately RMB258.1 million due to less procurement of raw materials and settlement to major suppliers. The above factors were partially offset by certain non-cash expenses such as impairment loss, depreciation and amortisation in aggregate of approximately RMB257.7 million.

Net Cash Flows from/(Used in) Investing Activities

The Group's net cash flows used in investing activities were approximately RMB311.8 million for the six months ended 30 June 2013 and the net cash flows from investing activities were approximately RMB844.0 million for the Reporting Period. It primarily included the decrease in time deposits with maturity of over three months of RMB1,180.0 million and the decrease in pledged bank balances of approximately RMB169.5 million for the issuance of bills payable, which were partially offset by the prepayment for the acquisition of the Target Company of approximately RMB354.0 million and the purchase of items of property, plant and equipment and intangible assets in aggregate of approximately RMB151.7 million.

Net Cash Flows (Used in)/from Financing Activities

The Group's net cash flows from financing activities were approximately RMB47.0 million for the six months ended 30 June 2013 and the net cash flows used in financing activities were approximately RMB5.6 million for the Reporting Period. It primarily included the repayment of bank loans of approximately RMB519.6 million and the payment of final dividend of approximately RMB36.3 million, which were partially offset by the proceeds from bank loans of approximately RMB550.3 million.

Analysis of Inventories

The Group's inventories increased by 35.8%, from approximately RMB141.7 million as at 31 December 2013 to approximately RMB192.4 million as at 30 June 2014, primarily due to the decrease in sales volume of vanadium-bearing iron concentrates and high-grade titanium concentrates.

Analysis of Trade and Bills Receivables

The Group's trade and bills receivables increased by 70.3%, from approximately RMB385.3 million as at 31 December 2013 to approximately RMB656.0 million as at 30 June 2014. Trade receivable turnover days were approximately 244 days (year ended 31 December 2013: 67 days). The Group has extended its used credit terms to the customers from 90 days to 180 days since April 2014 under such current unfavourable market conditions.

Analysis of Trade and Bills Payables

The Group's trade and bills payables decreased by 27.3%, from approximately RMB944.5 million as at 31 December 2013 to approximately RMB686.4 million as at 30 June 2014, primarily due to (i) less procurement of raw materials as a result of the decrease in production volume of the Group's products and (ii) the increase in settlement to major suppliers.

Analysis of Net Current Assets Position

The Group's net current assets position decreased by 66.9%, from approximately RMB681.9 million as at 31 December 2013 to approximately RMB225.8 million as at 30 June 2014, primarily because of the significant decrease in cash and cash equivalents as a result of the prepayment for the acquisition of the Target Company and the payments made for construction of property, plant and equipment.

Borrowings

As at 30 June 2014, the Group's borrowings mainly included (i) an unsecured long-term bank loan of RMB75.0 million with an annual interest rate of 6.6% from China Construction Bank ("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 concentrates 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-emption right in the event of such mortgage or pledge; (ii) a secured short-term bank loan of RMB20.0 million with an annual interest rate of 6.06% from CCB Xichang Yuecheng branch to Huili Caitong which is pledged by the trade receivable due from the Group's largest customer during the Reporting Period with a carrying amount of approximately RMB31.2 million; (iii) an unsecured short-term bank loan of RMB84.8 million with annual interest rates ranging from 6.00% to 6.60% from China Merchants Bank Co., Ltd. ("CMB") Yingmenkou branch to Huili Caitong; (iv) a secured short-term bank loan of US$15.5 million (approximately RMB95.5 million) with an annual interest rate of prevailing LIBOR plus 3.10% from CMB to First China and was secured by a deposit of approximately RMB102.4 million pledged by Huili Caitong at CMB Yingmenkou branch; and (v) 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 Chuan Wei and Chengyu Vanadium Titano.

Contingent Liabilities

As at 30 June 2014, the Group did not have any material contingent liabilities.

Pledge of Assets

As at 30 June 2014, Huili Caitong pledged its trade receivable due from the Group's largest customer with CCB Xichang Yuecheng branch for its bank loan of RMB20.0 million. Huili Caitong also pledged its deposit of approximately RMB102.4 million at CMB for the bank loan of US$15.5 million (approximately RMB95.5 million) obtained by First China from CMB as well as the deposits of approximately RMB170.0 million by the Group at banks for the issuance of bills payable.

Foreign Currency Risk

The Group's business is 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 Hong Kong office that are denominated in Hong Kong dollars, and the bank loan obtained from CMB as well as the Exchangeable Notes that 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 transactions 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 to 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 the use of 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 30 June 2014, the Group's contractual obligations amounted to approximately RMB408.6 million, and decreased by RMB7.5 million as compared to approximately RMB416.1 million as at 31 December 2013, which was primarily due to the progressive completion of certain construction work at the Baicao Mine and the Xiushuihe Mine during the Reporting Period.

Capital Expenditure

The Group's total capital expenditure decreased by RMB10.3 million from approximately RMB146.4 million for the six months ended 30 June 2013 to approximately RMB136.1 million during the Reporting Period. The capital expenditure consisted of (i) the construction of vanadium-bearing iron concentrates production line at the Xiushuihe Mine of approximately RMB51.0 million; (ii) the exploration activities taken at the adjacent area between the Baicao Mine and the Yangqueqing Mine in order to obtain the consolidated Baicao-Yangqueqing mining permit of approximately RMB4.5 million; (iii) the stripping costs classified as stripping activity assets of approximately RMB72.6 million; and (iv) the development of the construction of miscellaneous projects and acquisition of machinery equipment of approximately RMB8.0 million.

Financial Instruments

As at 30 June 2014, 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 30 June 2014, gearing ratio was 7.0% (31 December 2013: nil).

OTHER SIGNIFICANT EVENTS

(i) In July 2013, the Group has engaged Sichuan Geochemistry Exploration Team to prepare a geological exploration report and engaged two independent research institutes to prepare beneficiation and metallurgical testing reports on niobium and tantalum ore resources at the Baicao Mine. Although the geological exploration report prepared by 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 further. As such, the Board decided to terminate all exploration work from 5 March 2014. The normal mining operations at the Baicao Mine resumed on 13 March 2014. Please refer to the Company's announcements on 11 July 2013 and 4 March 2014 for further details.

(ii) 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.

(iii) On 22 May 2014, Huili Caitong and Panzhihua Shuhai entered into an equity transfer agreement pursuant to which Panzhihua Shuhai had conditionally agreed to sell the equity interest, being 51% of the paid-up registered capital of the Target Company to Huili Caitong at a consideration of RMB370.0 million. The Target Company has a wholly-owned subsidiary, namely Hanyuan Xinjin which currently holds the mining permit of the Shigou Gypsum Mine with an annual output of 300.0 Kt of gypsum raw ore. According to the "Sichuan Hanyuan County Shigou Gypsum Mine Geological Exploration Report*（《四川省漢源縣石溝礦區石膏礦勘探地質報告》）" issued by Brigade 606 of Sichuan Metallurgical and Geological Exploration Bureau*（四川省冶金地質勘查局606大隊）in November 2011, there are 10,369,700 tonnes of gypsum ore resources (Types 331 and 333) with an average gypsum grade 90.64% through gypsum exploration activities. The consideration was determined based on arm's length negotiations between the Parties after taking into account primarily comparable transaction analysis of mining company acquisitions, consideration paid per unit of mining resource and discount applied to the prevailing market price of the mining products. The result of the comparable transaction analysis amounted to approximately RMB467.0 million. The consideration represents an approximately 20.8% discount against the result of the comparable transaction analysis. Accordingly, the Directors were of the view that the acquisition (including the consideration) was fair and reasonable and in the interests of the Company and the Shareholders as a whole. Please refer to the Company's announcements on 22 May 2014 and 27 May 2014 for further details.

(iv) Pursuant to an 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 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 was required by the Geological Agent to prepare 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.

In March 2014, the Geological Agent issued the Mineral Resources and Reserves Report, in which it was estimated that the Haibaodang Mine had approximately 40.0 Mt of mineral resources and reserves with a minimum average iron content (Type 333 or above) of 15% or above, well below the 100.0 Mt required to satisfy the condition precedent to the completion of the acquisition under the equity transfer agreement. After considering the contents of the Mineral Resources and Reserves Report and the extent of the works done by the Geological Agent, the Company was of the view that the bases upon which the volume of the relevant mineral resources and reserves at the Haibaodang Mine were estimated in the Mineral Resources and Reserves Report were not sufficient. As such, it was of the view that further exploration works should be carried out to further confirm the estimated volume of the relevant mineral resources and reserves at the Haibaodang Mine. Therefore, on 28 May 2014, Lingyu and the Sellers entered into a second supplemental agreement, whereby the Sellers would instruct the Geological Agent to carry out further exploration works on the Haibaodang Mine for a period of six months from 1 June 2014. The Board would consider the results of the further exploration works, and also conduct its own analysis of the economic value of the Haibaodang Mine based on such results. Please refer to the Company's announcements on 29 December 2011, 22 April 2013 and 28 May 2014 for further details.

OUTLOOK

The Group expects the market environment to remain challenging in the near future. Market analyses indicate that the steel industry is currently undergoing a difficult transformation and upgrade phase. Thus, the Group is strategically adjusting its production volume as the market prices of its products have yet to recover. However, low utilisation means that the benefit of economies of scale cannot be realised which would affect the Group's overall performance in the short-to-medium term. On the other hand, the Group has formulated medium-to-long term strategies which focus on identifying new opportunities and further enhancing the Group's competitive position building on its own strong business foundation.

On 22 May 2014, Huili Caitong entered into an equity transfer agreement with Panzhihua Shuhai to acquire a 51% equity interest of the Target Company. The Target Company, through its wholly-owned subsidiary, currently holds the mining permit of the Shigou Gypsum Mine with an annual capacity of 300.0 Kt of gypsum raw ore, which enables the Group to extend its business into gypsum mine resources and reserves, an area previously outside its scope of operation. Gypsum is a material which is widely used for construction, industrial and medical purposes. The potential gypsum resources in the Shigou Gypsum Mine can also help to enhance the Group's revenue and investment return potential.

As for the long run, the International Iron and Steel Institute (國際鋼鐵協會) forecasts global demand for steel will further increase by 3.3% by 2015 while the increase in demand for steel in China will be a more modest 2.7%. The Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) has a target to eliminate 27.0 Mt of backward production capacity in 2014 to ensure that the country can achieve the goal of phasing out obsolete steel production facilities set out in the 12th Five-Year Plan one year ahead of schedule. According to the "2014 Work Plan on Resolving the Conflict of Rampant Overcapacity and Facilitating Structural Industry Adjustment in Sichuan Province* (《四川

省化解產能過剩矛盾促進產業結構調整2014年工作計劃》)", the steel industry there is to strictly limit the production capacity to 36.0 Mt and increase the proportion of high-end products to 40%. These strategies will benefit the performance of the overall industry in the long-term. Meanwhile, the development of the Western China, urbanisation and the country's ongoing infrastructure investment are set to drive the market demand and support the long-term stable development of the steel industry.

Looking ahead, 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 therefore intends to grasp new opportunities and continue to bolster its resources and reserves in a sustainable manner as it strives to achieve satisfactory results in the coming financial periods.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 June 2014, the number of employees of the Group was 1,918 (31 December 2013: 2,018). During the Reporting Period, employee benefit expense (including Directors' remuneration in the form of salaries, equity-settled share option expenses and other allowances) was approximately RMB53.5 million (six months ended 30 June 2013: RMB67.9 million).

The emolument policies of the Group are based on performance, experience, competence and market comparables. Remuneration package generally comprises salary, housing allowance, contribution to pension scheme 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 contribution.

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

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

CORPORATE GOVERNANCE

The Board is of the view that the Company has complied with all applicable code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules during the Reporting Period. The Directors are not aware of any information that reasonably reveals that there is any non-compliance with or derivation from applicable code provisions on corporate governance practices set out in Appendix 14 of the Listing Rules by the Company anytime during the Reporting Period.

REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

Disclosure of financial information in this announcement complies with Appendix 16 of the Listing Rules. The audit committee has discussed internal control affairs and reviewed the Company's interim report for the Reporting Period, and the audit committee is of the view that the interim report for the Reporting Period is prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

The external auditors have reviewed the interim condensed financial information for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

GLOSSARY

"12th Five-Year Plan"	the Twelfth Five-Year Plan for the National Economic and Social Development of the PRC
"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 Prefecture"	阿壩藏族羌族自治州, Aba Tibetan and Qiang Autonomous Prefecture
"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"	our 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 connect 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

"Chuan Wei"	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.
"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
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"concentrate(s)"	the product(s) of ore processing plants that contain higher concentrations of the minerals and are suitable for smelting
"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
"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 on 25 November 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
"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
"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
"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
"Issuer"	Rui Tong Limited, a private company incorporated in the British Virgin Islands with limited liability, being the issuer of the Exchangeable Notes 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）

"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
"Mineral Resources and Reserves Report"	the Mineral Resources and Reserves Report in respect of the Haibaodang Mine 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
"Note Certificate"	the note certificate of the Exchangeable Notes with the terms and conditions of the Exchangeable Notes set out therein
"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
"Parties"	Huili Caitong and Panzhihua Shuhai, being the parties to the equity transfer agreement in relation to the transfer of the 51% paid-up registered capital of the Target Company
"pelletising"	a process to compress the iron ore into the shape of a pellet
"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
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the six months ended 30 June 2014
"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$0.1 each
"Shareholder(s)"	holder(s) of the Share(s)
"Shigou Gypsum Mine"	Shigou gypsum mine located in Hanyuan County, Ya'an City, Sichuan and operated by Hanyuan Xinjin, with a mining area of 0.1228 sq.km.
"Sichuan"	the Sichuan province of the PRC
"sq.km."	square kilometres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Sichuan Haoyuan New Materials Co., Ltd.*（四川省浩遠新材料有限公司）, a limited liability company established in the PRC on 18 July 2011
"titanium"	a light, strong, lustrous, corrosion-resistant transition metal with a white– silvery-metallic colour
"titanium concentrate(s)"	concentrate(s) whose main content (by value) is titanium dioxide
"Trisonic International"	Trisonic International Limited（合創國際有限公司）, a company incorporated in Hong Kong on 19 July 2006 and a Controlling Shareholder
"Type 331"	measured intrinsic economic resources（探明的內蘊經濟資源量）(Type 331) as defined in the Classification of Solid Mineral Resources and Reserves
"Type 333"	inferred intrinsic economic resources（推斷的內蘊經濟資源量）(Type 333) as defined in the Classification of Solid Mineral Resources and Reserves
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars" or "US$"	the lawful currency of the United States
"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 and 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
"Yanbian Caitong"	Yanbian County Caitong Iron and Titanium Co., Ltd.*（鹽邊縣財通鐵鈦有限責任公司）, established in the PRC on 26 January 2010 and an indirect wholly-owned subsidiary of the Company
"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.

* *For identification purpose only*

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

Hong Kong, 25 August 2014

As at the date of this announcement, the Board comprises Mr. Jiang Zhong Ping, Mr. Tang Wei and Mr. Roy Kong Chi Mo as executive Directors; 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