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 2023

FINANCIAL HIGHLIGHTS

For the Reporting Period:

- the Group's revenue was approximately RMB281.4 million for 1H2023 (1H2022: RMB233.8 million);
- the Group recorded a Net Profit of approximately RMB6.1 million for 1H2023 (1H2022: Net Loss RMB7.7 million);
- given the above, the basic and diluted profit per Share attributable to ordinary equity holders of the Company was approximately RMB0.003 for 1H2023 (1H2022: loss per Share attributable to ordinary equity holders of the Company of RMB0.003); and
- the Board does not recommend the payment of an interim dividend for 1H2023 (1H2022: Nil).

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 in 2022 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		For the six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**281,425**	233,752
Cost of sales		**(265,413)**	(226,671)
Gross profit		**16,012**	7,081
Other income	*4*	**8,626**	858
Selling and distribution expenses		**(631)**	(272)
Administrative expenses		**(10,928)**	(11,215)
Other expenses		**(4,633)**	(1,620)
Reversal of impairment loss on trade receivables		**2,674**	–
Finance costs	*5*	**(3,591)**	(2,739)
PROFIT/(LOSS) BEFORE TAX	*6*	**7,529**	(7,907)
Income tax credit/(expense)	*7*	**(1,571)**	128
PROFIT/(LOSS) FOR THE PERIOD		**5,958**	(7,779)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**13**	9
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**5,971**	(7,770)
Profit/(loss) attributable to:			
Owners of the Company		**6,116**	(7,666)
Non-controlling interests		**(158)**	(113)
		5,958	(7,779)

		For the six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**6,129**	(7,657)
Non-controlling interests		**(158)**	(113)
		5,971	(7,770)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted			
– For profit/(loss) for the period	*9*	**RMB0.003**	RMB(0.003)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**195,018**	194,168
Right-of-use assets	*10*	**24,761**	23,095
Intangible assets	*10*	**822,020**	734,401
Prepayments, other receivables and other assets	*11*	**411**	436
Deferred tax assets	*12*	**8,567**	9,350
Total non-current assets		**1,050,777**	961,450
CURRENT ASSETS			
Inventories		**15,330**	13,626
Trade and bills receivables	*13*	**5,578**	207,275
Prepayments, other receivables and other assets	*11*	**207,839**	5,786
Due from related parties		**2,712**	1,070
Pledged deposits		**26**	26
Cash and cash equivalents		**4,067**	9,357
Total current assets		**235,552**	237,140
CURRENT LIABILITIES			
Trade payables	*14*	**38,313**	35,057
Contract liabilities		**13,443**	8,216
Other payables and accruals		**83,306**	77,637
Interest-bearing bank and other borrowings	*15*	**74,503**	91,108
Due to related parties		**3,281**	5,905
Lease liabilities		**4,419**	4,645
Tax payable		**8,822**	9,363
Total current liabilities		**226,087**	231,931
NET CURRENT ASSETS		**9,465**	5,209
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,060,242**	966,659

	Notes	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000*
NON-CURRENT LIABILITIES			
Due to related parties		**2,310**	–
Lease liabilities		**23,550**	20,093
Other borrowings	*15*	**12,121**	–
Provision for rehabilitation		**14,534**	14,660
Other payables		**70,550**	700
Total non-current liabilities		**123,065**	35,453
Net assets		**937,177**	931,206
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*16*	**197,889**	197,889
Reserves		**444,815**	438,686
		642,704	636,575
Non-controlling interests		**294,473**	294,631
Total equity		**937,177**	931,206

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 (the "Reporting Period") has been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the Amendments to IFRS 17, Amendments to IAS 8, Amendments to IAS 1 and IFRS Practice Statement 2, and Amendments to IAS 12 for the first time for the current period's financial information.

The Group has assessed the impact of the adoption of the amendments and concluded that the amendments did not have any significant financial impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and products and has four (six months ended 30 June 2022: four; year ended 31 December 2022: four) reportable operating segments as follows:

(a) the high-Fe mining operation segment comprises the operation of sale of self-produced high-grade iron concentrates within the range of 65% TFe to 72% TFe;

(b) the trading segment comprises the operation of sale of traded products;

(c) the facility management segment comprises the provision of facilities management services for the mining related industry; and

(d) the corporate and others segment comprises the non-operating activities supporting the Group which include the central functions such as the functional costs that have not been allocated to the other segments.

The Directors monitor the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income, other expenses and non-lease-related finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings and tax payable as these liabilities are managed on a group basis.

For the six months ended 30 June 2023

Segments	High-Fe mining operation *RMB'000* (Unaudited)	Trading *RMB'000* (Unaudited)	Facility management *RMB'000* (Unaudited)	Corporate and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(note 4)*					
Sales to external customers	**52,395**	**219,738**	**9,292**	**–**	**281,425**
Intersegment sales	**–**	**–**	**437**	**–**	**437**
	52,395	**219,738**	**9,729**	**–**	**281,862**
Reconciliation:					
Elimination of intersegment sales					**(437)**
Total revenue					**281,425**
Segment results	**6,062**	**4,104**	**784**	**(4,817)**	**6,133**
Reconciliation:					
Other income					**8,626**
Other expense					**(4,633)**
Finance costs (other than interest on lease liabilities and provision for rehabilitation)					**(2,597)**
Profit before tax					**7,529**
Other segment information					
Depreciation and amortisation *(note 10)*	**7,251**	**1**	**–**	**134**	**7,386**
Capital expenditure* *(note 10)*	**94,766**	**4**	**8**	**–**	**94,778**

* *Capital expenditure consists of additions to property, plant and equipment and intangible assets.*

As at 30 June 2023

Segments	High-Fe mining operation *RMB'000* (Unaudited)	Trading *RMB'000* (Unaudited)	Facility management *RMB'000* (Unaudited)	Corporate and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment assets	**483,230**	**209,127**	**6,284**	**744,022**	**1,442,663**
Reconciliation:					
Elimination of intersegment receivables					**(168,994)**
Deferred tax assets					**8,567**
Cash and cash equivalents					**4,067**
Pledged deposits					**26**
Total assets					**1,286,329**
Segment liabilities	**180,387**	**168,057**	**1,662**	**72,594**	**422,700**
Reconciliation:					
Elimination of intersegment payables					**(168,994)**
Interest-bearing bank and other borrowings					**86,624**
Tax payable					**8,822**
Total liabilities					**349,152**

For the six months ended 30 June 2022

Segments	High-Fe mining operation *RMB'000* (Unaudited)	Trading *RMB'000* (Unaudited)	Facility management *RMB'000* (Unaudited)	Corporate and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(note 4)*					
Sales to external customers	28,219	202,927	2,606	–	233,752
Intersegment sales	–	–	200	–	200
	28,219	202,927	2,806	–	233,952
Reconciliation:					
Elimination of intersegment sales					(200)
Total revenue					233,752
Segment results	(792)	1,716	647	(6,047)	(4,476)
Reconciliation:					
Other income					858
Other expense					(1,620)
Finance costs (other than interest on lease liabilities)					(2,669)
Loss before tax					(7,907)
Other segment information					
Depreciation and amortisation	3,771	–	–	50	3,821
Capital expenditure*	11,166	–	–	80	11,246

* *Capital expenditure consists of additions to property, plant and equipment and intangible assets.*

As at 31 December 2022

Segments	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Facility management *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Segment assets	412,087	205,663	3,097	747,104	1,367,951
Reconciliation:					
Elimination of intersegment receivables					(188,094)
Deferred tax assets					9,350
Cash and cash equivalents					9,357
Pledged deposits					26
Total assets					1,198,590
Segment liabilities	115,889	167,873	1,048	70,197	355,007
Reconciliation:					
Elimination of intersegment payables					(188,094)
Interest-bearing bank and other borrowings					91,108
Tax payable					9,363
Total liabilities					267,384

4. REVENUE AND OTHER INCOME

Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June			
	2023		2022	
	RMB'000 **(Unaudited)**	*%*	*RMB'000* (Unaudited)	*%*
Sale of industrial products:				
High-grade iron concentrates	**52,395**	**19.0**	28,219	12.0
Steels	**219,738**	**78.0**	202,927	87.0
Rendering of facility management services	**9,292**	**3.0**	2,606	1.0
	281,425	**100.0**	233,752	100.0

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2023

Segments	**High-Fe mining operation** ***RMB'000*** **(Unaudited)**	**Trading** ***RMB'000*** **(Unaudited)**	**Facility management** ***RMB'000*** **(Unaudited)**	**Corporate and others** ***RMB'000*** **(Unaudited)**	**Total** ***RMB'000*** **(Unaudited)**
Type of goods or services					
Sale of high-grade iron concentrates	**52,395**	**–**	**–**	**–**	**52,395**
Trading of steels	**–**	**219,738**	**–**	**–**	**219,738**
Rendering of facility management services	**–**	**–**	**9,292**	**–**	**9,292**
Total revenue from contracts with customers	**52,395**	**219,738**	**9,292**	**–**	**281,425**
Geographical markets					
Mainland China	**52,395**	**219,738**	**9,292**	**–**	**281,425**
Total revenue from contracts with customers	**52,395**	**219,738**	**9,292**	**–**	**281,425**
Time of revenue recognition					
Goods transferred at a point in time	**52,395**	**219,738**	**–**	**–**	**272,133**
Services transferred over time	**–**	**–**	**9,292**	**–**	**9,292**
Total revenue from contracts with customers	**52,395**	**219,738**	**9,292**	**–**	**281,425**

For the six months ended 30 June 2022

Segments	High-Fe mining operation *RMB'000* (Unaudited)	Trading *RMB'000* (Unaudited)	Facility management *RMB'000* (Unaudited)	Corporate and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Type of goods or services					
Sale of high-grade iron concentrates	28,219	–	–	–	28,219
Trading of steels	–	202,927	–	–	202,927
Rendering of facility management services	–	–	2,606	–	2,606
Total revenue from contracts with customers	28,219	202,927	2,606	–	233,752
Geographical markets					
Mainland China	28,219	202,927	2,606	–	233,752
Total revenue from contracts with customers	28,219	202,927	2,606	–	233,752
Time of revenue recognition					
Goods transferred at a point in time	28,219	202,927	–	–	231,146
Services transferred over time	–	–	2,606	–	2,606
Total revenue from contracts with customers	28,219	202,927	2,606	–	233,752

For the six months ended 30 June 2023

Segments	**High-Fe mining operation** *RMB'000* **(Unaudited)**	**Trading** *RMB'000* **(Unaudited)**	**Facility management** *RMB'000* **(Unaudited)**	**Corporate and others** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Revenue from contracts with customers					
External customers	**52,395**	**219,738**	**9,292**	**–**	**281,425**
Intersegment sales	**–**	**–**	**437**	**–**	**437**
Total revenue from contracts with customers	**52,395**	**219,738**	**9,729**	**–**	**281,862**
Intersegment adjustments and eliminations	**–**	**–**	**(437)**	**–**	**(437)**
Total revenue from contracts with external customers	**52,395**	**219,738**	**9,292**	**–**	**281,425**

For the six months ended 30 June 2022

Segments	High-Fe mining operation *RMB'000* (Unaudited)	Trading *RMB'000* (Unaudited)	Facility management *RMB'000* (Unaudited)	Corporate and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue from contracts with customers					
External customers	28,219	202,927	2,606	–	233,752
Intersegment sales	–	–	200	–	200
Total revenue from contracts with customers	28,219	202,927	2,806	–	233,952
Intersegment adjustments and eliminations	–	–	(200)	–	(200)
Total revenue from contracts with external customers	28,219	202,927	2,606	–	233,752

Other income

An analysis of other income is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**5**	7
Government grants	**56**	37
Sales of mine tailings	**3,745**	782
Guarantee fee	**4,277**	–
Miscellaneous	**543**	32
	8,626	858

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**2,597**	2,218
Interest on lease liabilities	**588**	70
Unwinding of discount on provision for rehabilitation	**406**	451
	3,591	2,739

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	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of services provided	**7,374**	1,785
Cost of inventories sold	**258,039**	224,886
Auditor's remuneration	**690**	850
Loss on disposal of property, plant and equipment	**20**	–
Reversal of impairment loss on trade receivables	**2,674**	–
Foreign exchange loss/(income), net	**223**	(178)

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group was not subject to any income tax in the Cayman Islands and the British Virgin Islands during the Reporting Period and the six months ended 30 June 2022.

Pursuant to the PRC Corporate Income Tax Law, the payers shall pay a 10% withholding tax levied on the income derived from Mainland China on behalf of non-resident enterprises. Therefore, the Company was subject to a withholding tax rate of 10% over the guarantee fee of RMB4,277,000 (six months ended 30 June 2022: Nil) during the Reporting Period (note 4).

The provision for the 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 Reporting Period and the six months ended 30 June 2022.

All subsidiaries domiciled in the PRC (the "PRC subsidiaries") were subject to the PRC CIT rate of 25% during the Reporting Period and the six months ended 30 June 2022, except for certain subsidiaries in the PRC which are qualified as Small Low-profit Enterprises and thus entitled to a preferential income tax rate of 20%.

Pursuant to the income tax rules and regulations in Singapore, the Group's subsidiary located in Singapore is liable to Singapore corporate income tax at a rate of 17% on the assessable profits generated for the Reporting Period and the six months ended 30 June 2022.

The major components of income tax charge/(credit) are as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China charge for the period	**788**	955
Current – Singapore charge for the period	**–**	1
Deferred *(note 12)*	**783**	(1,084)
Total tax charge/(credit) for the period	**1,571**	(128)

8. DIVIDEND

At a meeting of the Directors held on 25 August 2023, the Directors did not recommend an interim dividend for the Reporting Period (six months ended 30 June 2022: Nil).

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

The calculation of basic earnings/loss per share is based on the profit attributable to ordinary equity holders of the Company for the Reporting Period of RMB6,116,000 (loss for the six months ended 30 June 2022: RMB7,666,000), and the weighted average number of ordinary shares of 2,249,015,410 (30 June 2022: 2,249,015,410) in issue during the Reporting Period.

No adjustment has been made to the basic earnings/loss per share amounts presented for the six months ended 30 June 2023 and 30 June 2022 in respect of a dilution as the exercise prices of the Company's outstanding share options were higher than the average market prices for the Company's shares during the Reporting Period and the six months ended 30 June 2022.

10. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

	Property, plant and equipment *RMB'000*	**Intangible assets** *RMB'000*	**Right-of-use assets** *RMB'000*
Carrying amounts at 1 January 2023	194,168	734,401	23,095
Additions	9,389	85,389	2,759
Transfer from construction in progress	(2,841)	2,841	–
Depreciation/amortisation charged during the period	(5,678)	(611)	(1,097)
Exchange realignment	–	–	4
Disposals	(20)	–	–
Carrying amounts at 30 June 2023 (unaudited)	195,018	822,020	24,761

Note:

As at 30 June 2023, the mining right of Maoling-Yanglongshan Mine with a net carrying amount of RMB172,059,000 (31 December 2022: RMB18,477,000) has been pledged to secure the Group's bank loans of RMB69,600,000 (31 December 2022: RMB74,612,000) (note 15(a)).

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000*
Current portion:		
Prepayments consisting of:		
Purchase of raw materials and trading supplies	**201,651**	237
Utilities	**435**	175
Prepayment for the maintenance of a road	**47**	47
Other prepayments	**1,346**	1,304
Other receivables consisting of:		
Deductible value added tax input	**1,289**	1,117
Other receivables	**3,677**	3,512
	208,445	6,392
Impairment allowance	**(606)**	(606)
	207,839	5,786
Non-current portion:		
Prepayment for the maintenance of a road	**409**	434
Long-term deposits	**2**	2
	411	436
	208,250	6,222

12. DEFERRED TAX

The movements in deferred tax assets during the Reporting Period are as follows:

	Losses available for offsetting against taxable profits *RMB'000*	**Excess tax depreciation over book value of fixed assets** *RMB'000*	**Provision for rehabilitation** *RMB'000*	**Provision for impairment** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
At 1 January 2023	2,109	4,415	885	1,039	902	9,350
Deferred tax credited/ (charged) to profit or loss during the period *(note 7)*	(968)	(87)	89	–	183	(783)
At 30 June 2023 (unaudited)	1,141	4,328	974	1,039	1,085	8,567

As at 30 June 2023, the Group has tax losses arising from Mainland China of RMB405,669,000 (31 December 2022: RMB411,328,000) that would expire in one to five years and other deductible temporary differences of RMB145,134,000 (31 December 2022: RMB144,393,000) that were available for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as it is not considered probable that taxable profits will be available against which they can be utilised.

Deferred tax assets related to the PRC subsidiaries have been provided at the enacted corporate income tax rate of 25%.

Pursuant to the income tax rules and regulations of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement has been effective from 1 January 2008 and applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The withholding tax rate for the Group is 10%.

As at 30 June 2023, no deferred tax liability has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

13. TRADE AND BILLS RECEIVABLES

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000*
Trade receivables	**275**	204,579
Bills receivable	**5,303**	2,696
	5,578	207,275

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

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000*
Within 3 months	**49**	200,049
6 to 9 months	**226**	–
Over 5 years	**–**	4,530
	275	204,579

14. TRADE PAYABLES

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

	30 June 2023 *RMB'000* (Unaudited)	31 December 2022 *RMB'000*
Within 180 days	**33,778**	31,302
181 to 365 days	**1,246**	1,046
1 to 2 years	**892**	962
2 to 3 years	**1,272**	670
Over 3 years	**1,125**	1,077
	38,313	35,057

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2023 *RMB'000* (Unaudited)	31 December 2022 *RMB'000*
Bank loans – Secured	*(a)*	**69,600**	74,612
Other borrowings – Unsecured	*(b)*	**17,024**	16,496
		86,624	91,108
Analysed into:			
Bank loans repayable:			
Within one year or on demand		**69,600**	74,612
Other borrowings repayable:			
Within one year or on demand		**4,903**	16,496
In the second year		**1,621**	–
In the third to fifth years, inclusive		**10,500**	–
		17,024	16,496
Total bank and other borrowings		**86,624**	91,108
Balances classified as current liabilities		**(74,503)**	(91,108)
Balances classified as non-current liabilities		**12,121**	–

	30 June 2023 *RMB'000* (Unaudited)	31 December 2022 *RMB'000*
Bank loans	**5.00%**	4.35%
Other borrowings	**4.00%**	4.00%-8.00%

Notes:

(a) As at 30 June 2023, the Group's bank loans of RMB69,600,000 (31 December 2022: RMB74,612,000) are secured by:

(i) mining right of Maoling-Yanglongshan Mine; and

(ii) 100% equity interest in Aba Mining Co., Ltd. ("Aba Mining") held by Sichuan Lingyu Investment Group Co., Ltd.

(b) The balance as at 30 June 2023 mainly consists of loans of RMB12,121,000 (31 December 2022: RMB14,000,000) granted by a third party to Aba Mining at the annual interest rate of 4.00% (31 December 2022: 4.00% to 8.00%).

As at 30 June 2023, the Group endorsed bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB4,903,000 (31 December 2022: RMB2,496,000) to certain of its suppliers in order to settle the trade payables to these suppliers (the "Endorsement"). In the opinion of the Directors, the Group has retained the substantial risks and rewards which include default risks relating to the Endorsed Bills, and accordingly, it recognised the full carrying amounts of the Endorsed Bills as other borrowings.

These other borrowings were unsecured with repayment terms ranging from three months to twenty-five months.

16. ISSUED CAPITAL

	30 June 2023 (Unaudited)	31 December 2022
Number of ordinary shares:		
Authorised ordinary shares of HKD0.1	**10,000,000,000**	10,000,000,000
Issued and fully paid ordinary shares of HKD0.1	**2,249,015,410**	2,249,015,410

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000*
Amounts:		
Issued and fully paid ordinary shares of HKD0.1	**197,889**	197,889

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Reporting Period, the Group observed the following industry developments and market statistics:

- During 1H2023, the global economic environment faced significant challenges due to the prolonged effects of the pandemic, the Russo-Ukraine conflict, and the implementation of tight monetary policies to combat high inflation. The initial resilience observed in early 2023 faded as inflation pressures persisted. Major economies experienced a drag on growth due to ongoing monetary tightening measures aiming at restoring price stability. Global financial conditions worsened as a result of interest rate hikes and occasional financial instability. The global economy, which grew by 3.1% last year, is expected to experience a significant slowdown in 2023, with a projected growth rate of 2.1%, before a tepid recovery in 2024, to 2.4%.

- In 1H2023, the Chinese economy sustained the momentum of recovery with continuous advancement of transformation and upgrade. According to the National Bureau of Statistics of the PRC, the preliminary accounting results for China's Gross Domestic Product ("GDP") in 1Q2023 showed a year-on-year growth of 4.5%. This growth rate is higher than the 2.9% recorded in 3Q2022 and the 3.9% recorded in 4Q2022. The lifting of infection control measures provided opportunities and contributed to the recovery momentum. However, the pace of China's economic recovery is likely to be hindered by weak external demand and the ongoing crisis in the real estate sector.

- Meanwhile, China's GDP growth is projected to rise to 5.6% in 2023, driven by a recovery in consumer demand. Capital spending in infrastructure and manufacturing is expected to remain resilient, while external demand is expected to remain soft due to sluggish global growth affecting exports.

- Steel prices in 1H2023 experienced fluctuations due to challenging domestic and global conditions. Following the ascend observed in 1Q2023, steel prices peaked at RMB4,881 per tonne on 15 March 2023 and plunged to RMB4,173 per tonne at the end of May 2023 but rebounded to RMB4,292 per tonne at the end of June 2023. The drop in steel prices in 1H2023 was mainly influenced by factors such as the slowdown in manufacturing and infrastructure investment growth, and the continued decline in the housing industry. In 1H2023, crude steel production in China amounted to 535.6 Mt, representing a year-on-year growth of 1.3%, but the growth narrowed month-on-month, in line with the national trend in crude production volume.

- The Iron Ore Price Index compiled by the Mysteel China, a leading commodity data service provider in China, had shown a continuous slump in prices since reaching its peak in March 2023. After reaching a high of 998.5 on 14 March 2023, the index started to decline and reached a new low of 821.9 on 26 May 2023 before rebounding to 931.3 at the end of June 2023. This decline can be attributed to the challenging international situation and slow economic recovery. Although steel demand showed some improvement at the beginning of the year, it fell short of industry expectations. Nevertheless, the steel industry in China is expected to remain stable due to the effective growth-stabilising policies implemented by the Chinese government.

- The iron ore price fluctuations in 1H2023 were influenced by various factors. To prevent deliberate price inflation, the National Development and Reform Commission announced measures to tighten control and supervision of iron ore prices in the spot market. As global iron ore supply gradually increases and domestic scrap supply steadily rises, the overall supply and demand trend suggests a likelihood of lower prices, particularly in the second half of 2023.

- The Chinese Purchasing Manager's Index (PMI) in the first five months of 2023 remained over 50, contributed by the resumption in China's general commercial production and operation. Whereas the PMI of the Chinese steel industry peaked at 50.1 in February 2023, but declined to a low of 35.2 in May 2023 before recovering to 49.9 in June 2023.

- In 1H2023, the iron and steel industry in China implemented the "232 the key work promotion system"*, formed by the China Iron and Steel Association. The system aimed to promote capacity governance, optimise policy guidance for joint restructuring, and ensure resource supply safety. Simultaneously, industry players have been preparing "cornerstone plan 2.0"*, focusing on achieving green and low-carbon transformation in the iron and steel industry chain and promoting the circular use of iron resources.

- According to China Property Management Industry Development White Paper 2022-2023*, the property management industry was beginning to pursue the improvement of skills, services, and quality instead of the single-minded pursuit of market expansion. The gross floor area is expected to increase from 35.3 billion square metres to 38.8 billion square metres with a compound annual growth rate of 3.2% from 2021 to 2025. The industry is also expected to face increased fragmentation, with leading enterprises dominating the market and resources, making it challenging for small and medium-sized enterprises (SMEs) to survive without policy support and other measures in difficult circumstances.

- According to Hang Seng Industry Classification System, the property management industry is under the properties and construction sector, with a gross profit margin of 22.6% and a net profit margin of 6.2%, ranking fourth and second in the sector, respectively.

- According to the China Index Academy's "medium and long-term development of China's real estate industry dynamic model"*, the built-up areas of commercial housings, schools, hospitals, transportation hubs, parks, and the resale areas of old neighborhoods and others amounted to approximately 30 billion square metres in 1H2023. Projections indicate that the property management sector will sustain steady expansion, with its market size expected to grow from RMB694.8 billion in 2022 to RMB843.6 billion by 2025.

BUSINESS AND OPERATIONS REVIEW

Operation and Financial Overview

During the Reporting Period, the Group successfully restored its high-grade iron concentrates output that are comparable to pre-COVID levels, overcoming production constraints from the pandemic due partly to business recovery momentum in China. However, the Group's profitability has been negated by low selling price of iron ores as market continued to experience price fluctuations amidst challenging operating conditions. The financial results were also affected by the disruption of mine operations caused by mudslides and flash floods in Aba Prefecture, Sichuan Province at the end of June 2023. As a result, the entire operation at the combined Maoling-Yanglongshan Mine had to be temporarily suspended, as outlined in the Company's announcement on June 27, 2023.

Specifically,

- the production volume of high-grade iron concentrates increased by 138.0%;

- the average selling price for high-grade iron concentrates decreased by approximately 10.9%; and

- despite a 17.1% increase in trading volume to approximately 65.1Kt compared to 1H2022, the average selling price of steels fell by approximately 7.5% in 1H2023 due to weak market sentiment.

At the same time, the Group's facility management segment generated revenue of RMB9.3 million for 1H2023, compared to RMB2.6 million in 1H2022 as this segment commenced operations in April 2022.

Overall, the Group recorded a higher gross profit of approximately RMB16.0 million for 1H2023, compared to RMB7.1 million for 1H2022, and the administrative expenses remained relatively stable at RMB10.9 million, compared to RMB11.2 million in 1H2022.

Details of the financial performance of the Group are set out on page 24 of this announcement.

Overview of Mines

Please refer to the table below for the status of the mine operations which are owned and operated by the Group.

Mines	Processing Plant	Status as at 30 June 2023
Maoling-Yanglongshan Mine	Maoling Processing Plant	Producing iron concentrates of high Fe contents *(within the range of 65% TFe to 72% TFe)*
Shigou Gypsum Mine	N/A	Optimising development and mining plans according to trial production results

The following table summarises the transacted volumes for (i) trading sales and (ii) sale of self-produced products of the Group:

	Purchase from an independent third party			**Sale to independent third parties**		
	1H2023 ***(Kt)***	1H2022 *(Kt)*	Change *%*	**1H2023** ***(Kt)***	1H2022 *(Kt)*	Change *%*
(i) Trading Sales						
Steels	**65.1**	55.6	17.1	**65.1**	55.6	17.1

	Production volume (Dry basis)			**Sales volume (Dry basis)**		
	1H2023 ***(Kt)***	1H2022 *(Kt)*	Change *%*	**1H2023** ***(Kt)***	1H2022 *(Kt)*	Change *%*
(ii) Sale of Self-produced Products						
High-grade iron concentrates	**52.6**	22.1	138.0	**53.6**	25.7	108.6

Business Risks and Uncertainties

The following is a list of principal risks and uncertainties that are of significance, which may bring potential significant impacts to the Group's businesses, results of operations and financial conditions. However, this is non-exhaustive as there may be other risks and uncertainties arising from changes in economic and other conditions over time:

- the macro business environment in which the Group operates is highly dynamic that any adverse change in market conditions for sale of iron concentrates and trading of steel may materially affect the businesses of the Group;

- unfavourable price fluctuations of iron concentrates, lower than expected capacity utilisation rate, negative market sentiment as a result of geopolitical tensions and change in demand may result in re-assessment of the valuation of the intangible assets valuations (in relation to exploration and/or mining rights), which may have an adverse impact on the Group's financial results due to the resultant impairment losses arising from lower value-in-use and lower economic benefits as may be derived from the related cash-generating units;

- changes in government policies, laws and regulations in the PRC may affect the Group's operations and/or result in additional compliance costs;

- additional time and efforts may be required for negotiation with financial institutions for commercially acceptable terms if there is a significant change in credit risk policies; and

- delay in implementing growth and transformational strategies or deviation from original business and operational strategies, including resources reallocation plans, may affect the Group's operations and financial results.

FINANCIAL REVIEW

	1H2023 *RMB'000*	1H2022 *RMB'000*	Variance *%*
Revenue	**281,425**	233,752	20.4
Cost of sales	**(265,413)**	(226,671)	17.1
Gross profit	**16,012**	7,081	126.1
Other income	**8,626**	858	905.4
Selling and distribution expenses	**(631)**	(272)	132.0
Administrative expenses	**(10,928)**	(11,215)	(2.6)
Other expenses	**(4,633)**	(1,620)	186.0
Reversal of impairment losses, net	**2,674**	–	100.0
Finance costs	**(3,591)**	(2,739)	31.1
Operating profit/(loss) before tax	**7,529**	(7,907)	(195.2)
Income tax credit/(expense)	**(1,571)**	128	N/M
Profit/(Loss) for the period	**5,958**	(7,779)	(176.6)
ATTRIBUTABLE TO:			
Owners of the Company	**6,116**	(7,666)	(179.8)
Non-controlling interests	**(158)**	(113)	39.8
	5,958	(7,779)	(176.6)

Revenue

Revenue for 1H2023 increased to approximately RMB281.4 million compared to RMB233.8 million in 1H2022 due mainly to higher sales volume of high-grade iron concentrates and steels trading, as well as the inclusion of six months of revenue from the facility management segment in 1H2023, as compared to three months in the corresponding period.

Cost of Sales

Cost of sales mainly comprises environment compliance cost, incidental costs for resuming the combined Maoling-Yanglongshan Mine operations from the production disruption and suspension, contracting fees for mining and stripping as well as costs for materials, labour, power and other utilities, repair and maintenance, depreciation, amortisation, and trading purchases.

In 1H2023, cost of sales increased to approximately RMB265.4 million (1H2022: RMB226.7 million) on the back of higher revenues.

Gross Profit and Margin

The Group recorded a higher gross profit of approximately RMB16.0 million for 1H2023, compared to RMB7.1 million for 1H2022. This improvement was primarily attributed to higher production and sales volume from the High-Fe Mining Operations, leading to lower unit production costs and strengthening the overall gross profit margin from 3.0% in 1H2022 to 5.7% in 1H2023.

Other Income

Other income increased to approximately RMB8.6 million for 1H2023 (1H2022: RMB0.9 million), which mainly comprise (i) the proceeds from the sale of mine tailings of approximately RMB3.7 million (1H2022: RMB0.8 million); and (ii) guarantee income of approximately RMB4.3 million (1H2022: Nil) under the Master Guarantee Agreement which became effective on 29 June 2022.

Selling and Distribution Expenses

Selling and distribution expenses, which comprise mainly delivery, logistics, storage and warehousing costs, increased slightly to approximately RMB0.6 million for 1H2023 (1H2022: RMB0.3 million) due primarily to higher storage and handling costs on the back of higher sales volume of high-grade iron concentrates.

Administrative Expenses

Administrative expenses, which comprise mainly staff related expenses, professional fees and other fixed operating overheads associated with the production disruption and suspension, remained relatively stable at approximately RMB10.9 million for 1H2023 (1H2022: RMB11.2 million).

Other Expenses

Other expenses, which comprise mainly cost of processing mine tailings, increased to approximately RMB4.6 million for 1H2023 (1H2022: RMB1.6 million) as a result of (i) larger volume of mine tailings that needs to be processed due to an increased production volume of high-grade iron concentrates; and (ii) higher transportation costs incurred in relation to storage facilities for the mine tailings, which began operation in September 2022.

Impairment Losses

The management of the Group has assessed the key assumptions of the business projection in respect of the cash-generating unit ("CGU") of the Group, which are highly dependent on the estimation of future commodity prices, mining plans, future capital expenditure plans, discount rates and market conditions. As at 30 June 2023, the management of the Group was of the opinion that there was no impairment of the CGU of the Group, barring unforeseen circumstances.

Despite the volatile market conditions, the Group's management remains committed to implementing its long-term strategies for the Maoling-Yanglongshan Mine, including its mining plans under the recently issued mining licence by the Department of Natural Resources of Sichuan Province for the High-Fe Mining Operations. The management of the Group will continue to review, evaluate and adjust assumptions relating to the Group's business projections, especially if market dynamics suggest potential deterioration in the CGU's conditions, which may warrant reassessment of accounting impairment.

Reversal of impairment loss on trade receivables

In 1H2023, the Group recovered long-standing receivables of RMB2.7 million from a previous customer. This led to a reversal of the previously recorded impairment loss of the same amount (1H2022: Nil).

Finance Costs

Finance costs, which comprise mainly the cost of funds for working capital loans, interest on lease liabilities, and the accounting effects for unwinding discount of reclamation obligations, increased by 33.3% to approximately RMB3.6 million for 1H2023 (1H2022: RMB2.7 million). The increase was due mainly to (i) higher cost of funds for working capital loans; and (ii) the finance cost of the operating lease for the storage facility for mine tailing, which became effective from September 2022.

Income Tax Credit/(Expense)

The Group recorded an income tax expense of RMB1.6 million for 1H2023 (1H2022: income tax credit of RMB0.1 million), due mainly to (i) higher tax expenses for its profitable High-Fe Mining Operations; and (ii) withholding tax expenses arising from the guarantee income under the Master Guarantee Agreement which became effective on 29 June 2022.

Net Profit/(Loss)

Given the above, the Group recorded a Net Profit of RMB6.1 million for 1H2023 (1H2022: Net Loss of RMB7.7 million).

Interim Dividend

The Board does not recommend the payment of an interim dividend for 1H2023 (1H2022: Nil).

LIQUIDITY AND CAPITAL RESOURCES

The following table sets out certain information regarding the Group's interim consolidated statement of cash flows for the six months ended 30 June 2023 and 2022:

	1H2023		1H2022	
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents as stated in the interim consolidated statement of cash flows at beginning of the period		**9,357**		6,436
Net cash flows from operating activities	**60,282**		655	
Net cash flows used in investing activities	**(55,286)**		(10,021)	
Net cash flows from/(used in) financing activities	**(10,295)**		6,672	
Net decrease in cash and cash equivalents		**(5,299)**		(2,694)
Effect of foreign exchange rate changes, net		**9**		5
Cash and cash equivalents as stated in the interim consolidated statement of cash flows at end of the period		**4,067**		3,747

Net Cash Flows From Operating Activities

The Group's net cash flows from operating activities were approximately RMB60.3 million for 1H2023 (1H2022: RMB0.7 million) after accounting for operating income before working capital changes of approximately RMB15.8 million (1H2022: operating loss before working capital changes of RMB1.2 million) and positive working capital changes of approximately RMB45.5 million (1H2022: positive working capital changes of RMB2.4 million).

Net Cash Flows Used In Investing Activities

The Group's net cash flows used in investing activities were approximately RMB55.3 million for 1H2023 (1H2022: RMB10.0 million) due mainly to partial payments of RMB42.0 million made to the government for costs incurred in relation to the resource integration process, as further elaborated in the section "Financial Position – Intangible Assets" in this announcement, such that the Maoling Mine is capable of operating under the combined Maoling-Yanglongshan Mine as intended by both the government and the management (the "combined High-Fe Mining Operations"), and the capital expenditures of RMB12.4 million for engineering and preparatory works on site for progressive upgrade and expansion of the combined High-Fe Mining Operations.

Net Cash Flows From/(Used In) Financing Activities

The Group's net cash flows used in financing activities were approximately RMB10.3 million for 1H2023 (1H2022: from financing activities were RMB6.7 million), due primarily to (i) net repayments of bank and other borrowings of RMB6.9 million; and (ii) interest payments of RMB2.9 million associated with the working capital loans.

FINANCIAL POSITION

Intangible Assets

The Group's intangible assets, which primarily comprise exploration and/or mining rights of the Maoling-Yanglongshan Mine, increased to RMB822.9 million as at 30 June 2023 (FY2022: RMB734.4 million), primarily attributable to costs of RMB98.2 million (equivalent to a present value of RMB85.0 million) paid and payable to the government associated with the resource integration process of the Maoling-Yanglongshan Mine, of which, the Group paid RMB42.0 million to the government during the Reporting Period, with the remaining balance scheduled to be paid over 9 annual instalments.

Inventories

The Group's inventories, comprising raw materials, stocks and consumables in relation to the High-Fe Mining Operations, increased to approximately RMB15.3 million as at 30 June 2023 (FY2022: RMB13.6 million), due mainly to the stocks for raw materials.

Trade and Bills Receivables

The gross amount of the Group's trade and bills receivables decreased to approximately RMB5.6 million as at 30 June 2023 (FY2022: RMB209.9 million) on better collection cycles.

Other Receivables

The Group's other receivables increased to approximately RMB208.2 million as at 30 June 2023 (FY2022: RMB6.2 million) for deposits and advance payments made to a state-owned enterprise for procurement of steel supply in relation to confirmed orders which were fully delivered to customers and the related sale proceeds have been fully collected as at the date of this announcement.

Trade Payables

The Group's trade payables increased to approximately RMB38.3 million as at 30 June 2023 (FY2022: RMB35.1 million) due mainly to an increase in purchases of the Group. The overall creditor turnover days stands at 25 days (FY2022: 17 days).

Borrowings

Total borrowings of the Group reduced to approximately RMB86.6 million as at 30 June 2023 (FY2022: RMB91.1 million) due to ongoing repayments of working capital loans. As at 30 June 2023, all borrowings of the Group were denominated in RMB. Details of the borrowings of the Group are set out in note 15 to the Interim Condensed Consolidated Financial Information of this announcement.

Lease Liabilities

The total lease liabilities of the Group of approximately RMB28.0 million as at 30 June 2023 (FY2022: RMB24.7 million) represents payment obligations related to the right-of-use assets for (i) office premises; (ii) mine tailings management facilities; and (iii) storage facility for mine tailings.

Contingent Liabilities and Financial Guarantees

The Company provides the CVT Guarantees in favour of the Financial Institutions guaranteeing the loan facilities of Huili Caitong and Xiushuihe Mining with a maximum guaranteed amount of RMB730.0 million. The amount guaranteed under the CVT Guarantees as at 30 June 2023 was RMB690.0 million (FY2022: RMB690.0 million). As at 30 June 2023, a principal amount of approximately RMB506.6 million (FY2022: RMB515.4 million) remained outstanding under such loan facilities. The CVT Guarantees were provided by the Company prior to the 2019 Disposal to guarantee the indebtedness of Huili Caitong and Xiushuihe Mining owing to the Financial Institutions. Those debts have not been fully repaid and the CVT Guarantees continued after the 2019 Completion. In connection with the CVT Guarantees, the Company and Chengyu Vanadium Titano (the parent company of both Huili Caitong and Xiushuihe Mining) entered into the 2019 Counter Indemnity for the provision of counter-indemnity by Chengyu Vanadium Titano in favour of the Company in respect of the Company's contingent liabilities and potential claims under the CVT Guarantees.

Given that the CVT Guarantees are continuing in nature and will only be released upon the full and final settlement is made and officially discharged by the respective Financial Institutions, on 16 May 2022, the Company entered into the Master Guarantee Agreement with Chengyu Vanadium Titano, Huili Caitong and Xiushuihe Mining to continue the provision of CVT Guarantees on such terms and conditions contained therein, including, among other things:

- The Company shall continue the provision of CVT Guarantees in favour of the Financial Institutions for a term commencing from 29 June 2022 to 31 December 2024, subject to a maximum aggregate guaranteed amount of RMB730.0 million. The amount guaranteed under the CVT Guarantees as at 30 June 2023 was RMB690.0 million. The CVT Guarantees shall cover the indebtedness owing by Huili Caitong and Xiushuihe Mining to the Financial Institutions under the CVT Guarantees and any related rolled-over loans approved by the Financial Institutions;

- Chengyu Vanadium Titano shall provide counter-indemnity in favour of the Company under the 2022 Counter Indemnity by (i) pledging its inventories as security, the market value of which shall not be less than 1.25 times of the maximum guaranteed amount under the Master Guarantee Agreement; and (ii) providing a joint liability guarantee which allows the Company to claim against Chengyu Vanadium Titano directly for any payments, losses and expenses incurred as a result of the CVT Guarantees; and

- Huili Caitong and Xiushuihe Mining shall pay an annual guarantee fee to the Company, which is calculated at 1.25% of the maximum guaranteed amount.

The Master Guarantee Agreement and the transactions contemplated thereunder have been approved by the independent Shareholders at the extraordinary general meeting held on 29 June 2022.

For further details about the Master Guarantee Agreement and the 2022 Counter Indemnity, please refer to the announcement and the circular of the Company dated 16 May 2022 and 8 June 2022, respectively.

Save for the above, as at 30 June 2023, the Group did not have any other material contingent liabilities and financial guarantees.

Pledge of Assets

The Group's pledge of assets as at 30 June 2023 was mainly related to a short-term bank loan of RMB69.6 million granted to Aba Mining, which was secured by the mining right of the Maoling-Yanglongshan Mine.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plan for Material Investments of Capital Assets

Except as disclosed elsewhere in this management discussion and analysis ("MD&A") and the Interim Condensed Consolidated Financial Information for 1H2023, there were no other significant investments held and/or committed by the Company, nor were there any other material acquisitions or disposals of subsidiaries, associates and joint ventures during 1H2023.

Except as disclosed in this announcement, there were no other material investments or additions of capital assets that were not related to normal operation authorised by the Board as at the date of this announcement.

Foreign Currency Risk

The Group's foreign currency exposures arose primarily from the exchange rate movement of foreign currencies, namely, HKD, USD and SGD, against the RMB. HKD, USD and SGD are the functional currencies of respective entities within the Group.

The RMB 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 currencies.

The Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies. The management monitors the Group's foreign currency exposure and will consider hedging significant foreign currency exposure when the needs arise.

Interest Rate Risk

The Group's exposure to interest rate risk relates primarily to bank deposits, interest-bearing bank and other borrowings and exchangeable notes (which are subject to fair value interest rate risk).

The Group manages its interest rate exposure arising from all its interest-bearing loans through the use of fixed rates. In addition, the Group has not used any interest rate swaps to hedge against interest rate risk. The Group will constantly monitor the economic situation and its interest rate risk profile, and will consider appropriate hedging measures when the needs arise.

Please refer to note 15 to the Interim Condensed Consolidated Financial Information of this announcement for more details of the interest rates and terms of repayment of interest-bearing bank and other borrowings.

Capital Expenditure

The Group's total capital expenditure increased by RMB83.6 million to RMB94.8 million (1H2022: RMB11.2 million) due mainly to costs associated with the combined High-Fe Mining Operations, including costs incurred for the engineering works performed in preparation for the progressive upgrade and expansion of the High-Fe Mining Operations.

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 and other borrowings; and lease 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 2023, the gearing ratio was approximately 10.5% (FY2022: 10.3%).

OTHER SIGNIFICANT EVENTS

2023 Framework Agreements

As a continuity of the 2022 Framework Agreements, on 13 December 2022, Sichuan Lingwei entered into the 2023 Framework Agreements with Huili Caitong, Xiushuihe Mining and Yanyuan Xigang. Pursuant to the 2023 Framework Agreements, Sichuan Lingwei shall provide facility management services, comprising operational site routine services, mining engineering support services and consultancy services (the “FM Services”), to the mining camps of Huili Caitong, Xiushuihe Mining and Yanyuan Xigang for the period from 31 January 2023 to 31 December 2025. The annual cap for the transactions contemplated under the 2023 Framework Agreements for the years ending 31 December 2023, 2024 and 2025 are RMB26,000,000, RMB34,000,000 and RMB34,000,000, respectively. The Relevant Substantial Shareholders collectively hold more than 30% equity interests in Chengyu Vanadium Titano, which in turn wholly owns Huili Caitong. Xiushuihe Mining is in turn a non-wholly owned subsidiary of Huili Caitong. Further, Yanyuan Xigang is ultimately held indirectly as to more than 30% by the Relevant Substantial Shareholders. Accordingly, each of Huili Caitong, Xiushuihe Mining and Yanyuan Xigang is an associate of the Relevant Substantial Shareholders and therefore is a connected person of the Company, and the transactions contemplated under the 2023 Framework Agreements constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Please refer to the Company’s announcement dated 13 December 2022 and the Company’s circular dated 10 January 2023 for further details. The 2023 Framework Agreement and the transactions contemplated thereafter were approved by independent Shareholders in the 2023 EGM.

The Disruption to the combined High-Fe Mining Operations

Due to the mudslides and flash floods in Miansi Town and Weizhou Town in Wenchuan County, Aba Prefecture, Sichuan Province at the end of June 2023, the Group had suspended the entire operations at the combined Maoling-Yanglongshan Mine on 27 June 2023 and there were also major disruptions to telecommunication, water, electricity, and material supply in the affected regions. The Group had progressively resumed the mine operations at the end of July 2023 upon completion of repairing works, as announced on 27 July 2023.

Please refer to the Company’s announcements dated 27 June 2023 and 27 July 2023, respectively, for further details.

OUTLOOK

As announced, China has set a very modest target for economic growth of just 5% for 2023, which was lower than many business analysts had expected. Amidst China's slowing economy, the extent of the much-expected fiscal support for and the effect of these stimulus plans remain to be seen. Despite such an operating environment, the Group's strategies remain predominantly consistent. As previously disclosed, the Group will continue to focus on the implementation of the following core strategies:

- **Expansion of production capacity for the higher-grade iron concentrates (with at least 70% TFe).** The Group has recently completed the resource integration process of the Maoling Mine and the Yanglongshan Mine. Under the mining licence issued by the Department of Natural Resources of Sichuan Province that the combined mining area is approximately 2.7 sq.km. Whilst the combined Maoling-Yanglongshan Mine has resulted in additional investment commitments for the Group, the management believes that the expansion plans will allow the Group to potentially achieve better economies of scale over a longer term. As previously disclosed in the Annual Report 2022, this growth initiative would incur some form of capital expenditures in licensing process, mines exploration, additional environmental compliance, modification and upgrading of existing production facilities and major mining engineering works, which may be financed by internally-generated funds and/or borrowings.

- **Strengthening the execution capabilities for the reorganised facilities management business segment.** This asset-light segment has remained income-accretive since the commencement of its operations while the Group works towards improving its economies of scale, expanding the service scopes and diversifying the revenue streams. In this aspect, the Group will also evaluate other strategic opportunities which may come in the forms of joint venture or project collaboration.

More recently, there has been rising uncertainty as China's economic recovery slows and it also appears that there could be intensifying pressure on several key industries from multiple fronts. In light of this, the Group may be required to systematically review and adjust its strategies while being watchful and hopeful of a more meaningful economic revival at the macro level as it builds agility to drive growth beyond this period of uncertainty.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 June 2023, the number of employees of the Group was 330 (31 December 2022: 215). For 1H2023, employee benefit expenses (including Directors' remuneration in the form of fees, salaries and other allowances) were approximately RMB17.4 million (1H2022: approximately RMB12.4 million).

The emolument policies of the Group are based on performance, experience, competence and market comparable. 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 respective contribution to the Group. Proper training programmes were implemented in order to promote employees' career development and progression within the Group.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix 14 to the Listing Rules as its own code of corporate governance. The Board is of the view that during the Reporting Period, the Company has complied with all the applicable code provisions under the CG Code.

In view of the recent updates to the CG Code, the Company recognises the importance of gender diversity at the Board level and intends to actively seek out suitable candidates in accordance with the Listing Rules. The selection process for newly appointed Directors or potential successors to the Board will adhere to the Company's nomination policy and board diversity policy. The decision-making process will be based on the selected candidates' merits and contributions, taking into consideration the benefits of diversity on the Board and the Board's needs, without focusing solely on a single diversity aspect. The Board has set a goal to appoint at least one female Director by 31 December 2024, in line with the transitional requirement set out in Rule 13.92 of the Listing Rules.

Furthermore, in accordance with the recent updates to the CG Code, if all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director at the forthcoming annual general meeting. During the Reporting Period, Mr. Yu Haizong and Mr. Liu Yi have both served for more than 9 years. Meanwhile, Mr. Wu Wen has been an independent non-executive Director since 1 November 2014 and is expected to have served for more than 9 years after 1 November 2023. To comply with code provision B.2.4 of the CG Code, the Company is working towards electing new independent non-executive Director(s) at the 2024 annual general meeting.

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.

REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

GLOSSARY

“1H2022”	the six months ended 30 June 2022
“1H2023” or “Reporting Period”	the six months ended 30 June 2023
“2019 Completion”	completion of the 2019 Disposal on 30 July 2019
“2019 Disposal”	the sale transaction of the Caitong Group from Sichuan Lingyu to Chengyu Vanadium Titano which was entered into on 29 January 2019 and completed on 30 July 2019
“2019 Counter Indemnity”	a moveable asset pledge contract entered into between Chengyu Vanadium Titano and the Company for the provision of counter-indemnity by Chengyu Vanadium Titano in favour of the Company in respect of the Company’s liabilities and claims under the CVT Guarantees (if any), and the pledge of the Chengyu Vanadium Titano’s inventories (including but not limited to structural steels, coals etc) as security for such counter indemnity
“2022 Counter Indemnity”	the counter indemnity agreement entered into between Chengyu Vanadium Titano and the Company on 16 May 2022 for the provision of counter-indemnity by Chengyu Vanadium Titano in favour of the Company in respect of the Company’s contingent liabilities and potential claims covered under the Master Guarantee Agreement (if any), and the pledge of Chengyu Vanadium Titano’s inventories (comprising structural steels and iron ores, or any other assets approved by the Company) as security for such counter-indemnity
“2022 Framework Agreements”	comprising, (i) the facility management services framework agreement entered into between Huili Caitong and Xiushuihe Mining and Sichuan Lingwei on 21 March 2022 in relation to the provision of facility management services by Sichuan Lingwei to Huili Caitong and Xiushuihe Mining; and (ii) the facility management services framework agreement entered into between Yanyuan Xigang and Sichuan Lingwei on 21 March 2022 in relation to the provision of facility management services by Sichuan Lingwei to Yanyuan Xigang

"2023 EGM"	the extraordinary general meeting of the Company held on 31 January 2023
"2023 Framework Agreements"	collectively, (i) the facility management services framework agreement entered into between Huili Caitong, Xiushuihe Mining and Sichuan Lingwei on 13 December 2022 in relation to the provision of facility management services by Sichuan Lingwei to Huili Caitong and Xiushuihe Mining; and (ii) the facility management services framework agreement entered into between Yanyuan Xigang and Sichuan Lingwei on 13 December 2022 in relation to the provision of facility management services by Sichuan Lingwei to Yanyuan Xigang
"Aba Mining"	Aba Mining Co., Ltd.*, a limited liability company established in the PRC on 27 February 2004 and an indirect wholly-owned subsidiary of the Company
"Aba Prefecture"	Aba Tibetan and Qiang Autonomous Prefecture
"Board"	the board of Directors
"Caitong Group"	refers to Huili Caitong and its subsidiaries, namely Xiushuihe Mining and Panzhihua Yixingda, which engage in sale of self-produced low-grade iron concentrates within the range of 53% TFe to 55% TFe and has been disposed of on 30 July 2019
"Chengyu Vanadium Titano"	Chengyu Vanadium Titano Technology Ltd.*, formerly known as Weiyuan Steel Co., Ltd.*, 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"	China Vanadium Titano-Magnetite Mining Company Limited, a limited liability company incorporated in the Cayman Islands on 28 April 2008

"CVT Guarantees"	guarantees given by the Company in favour of the Caitong Group guaranteeing, inter alia, the indebtedness owing by the Caitong Group to certain financial institutions in the PRC with a maximum guarantee amount of RMB730.0 million (the amount guaranteed under the CVT Guarantees as at 30 June 2023 was RMB690.0 million)
"Director(s)"	director(s) of the Company or any one of them
"Fe"	chemical symbol of iron element
"Financial Institutions"	certain banks and an asset management and financial services institution in the PRC in favour of which the Company entered into the CVT Guarantees with a maximum guaranteed amount of RMB730.0 million (the amount guaranteed under the CVT Guarantees as at 30 June 2023 was RMB690.0 million) as security in relation to credit facilities granted to Huili Caitong and Xiushuihe Mining
"Group"	the Company and its subsidiaries
"Gypsum"	a soft hydrous sulfate mineral with the chemical formula $CaSO_4 \bullet 2H_2O$
"High-Fe Mining Operations"	refers to operations of the sale of self-produced high-grade iron concentrates within the range of 65% TFe to 72% TFe
"HKD"	the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huili Caitong"	Huili County Caitong Iron and Titanium Co., Ltd.*, 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 till 30 July 2019

"IFRS"	International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board and the International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect
"km."	kilometre(s), a metric unit measure of distance
"Kt"	thousand tonnes
"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), and has been consolidated with the Yanglongshan Mine since September 2012 to form the Maoling-Yanglongshan Mine
"Maoling Mine"	an ordinary magnetite mine located in Wenchuan County, Sichuan, with a mining area of 1.9 sq.km., which was integrated with the Yanglongshan Mine under the mining licence issued by the Department of Natural Resources of Sichuan Province on 6 May 2023 for the combined Maoling-Yanglongshan Mine
"Maoling Processing Plant"	the ore processing plant located near the Maoling-Yanglongshan Mine and operated by Aba Mining
"Maoling-Yanglongshan Mine"	the combination of the Maoling Extended Exploration Area and the Yanglongshan Mine (since September 2012), as operated by Aba Mining and integrated under the mining licence issued by the Department of Natural Resources of Sichuan Province on 6 May 2023 covering a total mining area of 2.7366 sq.km.
"Master Guarantee Agreement"	the master guarantee agreement entered into between the Company, Huili Caitong, Xiushuihe Mining and Chengyu Vanadium Titano on 16 May 2022 under which the Company agreed to continue to provide the CVT Guarantees on certain conditions

"Mt"	million tonnes
"N/A"	not applicable
"N/M"	not meaningful. For the purpose of this announcement, the Board has taken the view that percentage change of more than 1,000% is not meaningful
"Net Profit" or "Net Loss"	profit or loss attributable to owners
"Panzhihua Yixingda"	Panzhihua Yixingda Industrial Trading Co., Ltd.*, a limited liability company established in the PRC on 9 July 2009 and an indirect wholly-owned subsidiary of the Company till 30 July 2019
"Relevant Substantial Shareholders"	Mr. Wang Jin, Mr. Shi Yinjun, Mr. Zhang Yuangui, Mr. Li Hesheng and Mr. Wu Wendong, are parties acting in concert and some of the substantial Shareholders
"RMB"	the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of HKD0.1 each
"Shareholder(s)"	holder(s) of the Share(s)
"Shigou Gypsum Mine"	Shigou gypsum mine located at Hanyuan County, Ya'an City, Sichuan, with a mining area of 0.1228 sq.km.
"Sichuan"	the Sichuan province of the PRC
"Sichuan Lingwei"	Sichuan Lingwei Property Service Co., Ltd.*, a limited liability company established in the PRC on 7 July 2021 and an indirect wholly-owned subsidiary of the Company
"Sichuan Lingyu"	Sichuan Lingyu Investment Group Co., Ltd.*, a limited liability company established in the PRC on 9 June 2010 and an indirect wholly-owned subsidiary of the Company
"SGD"	the lawful currency of the Republic of Singapore
"sq.km."	square kilometres
"TFe"	the symbol for denoting total iron

"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD"	the lawful currency of the United States
"Wenchuan County"	Wenchuan County, Aba Prefecture, Sichuan Province
"Xiushuihe Mining"	Huili County Xiushuihe Mining Co. Ltd.*, a limited liability company established in the PRC on 26 June 2007, an indirect subsidiary of the Company 95.0% equity interest of which was owned by the Company through Huili Caitong till 30 July 2019
"Yanglongshan Mine"	an ordinary magnetite mine located 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 with the Maoling Extended Exploration Area since September 2012 to form the Maoling-Yanglongshan Mine
"Yanyuan Xigang"	Yanyuan Xigang Clean Coal Co., Ltd.*, a limited liability company established in the PRC

* *For identification purpose only*

By order of the Board
China Vanadium Titano-Magnetite Mining Company Limited
Teh Wing Kwan
Chairman

Hong Kong, 25 August 2023

As at the date of this announcement, the Board comprises Mr. Teh Wing Kwan (Chairman) as non-executive Director; Mr. Hao Xiemin (Chief Executive Officer) and Mr. Wang Hu as executive Directors; Mr. Yu Haizong, Mr. Wu Wen and Mr. Liu Yi as independent non-executive Directors.

The English and Chinese versions of this results announcement are available on the website of the Company (www.chinavtmmining.com) and on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). In the event of any discrepancies between the English and Chinese versions, the English version shall prevail.