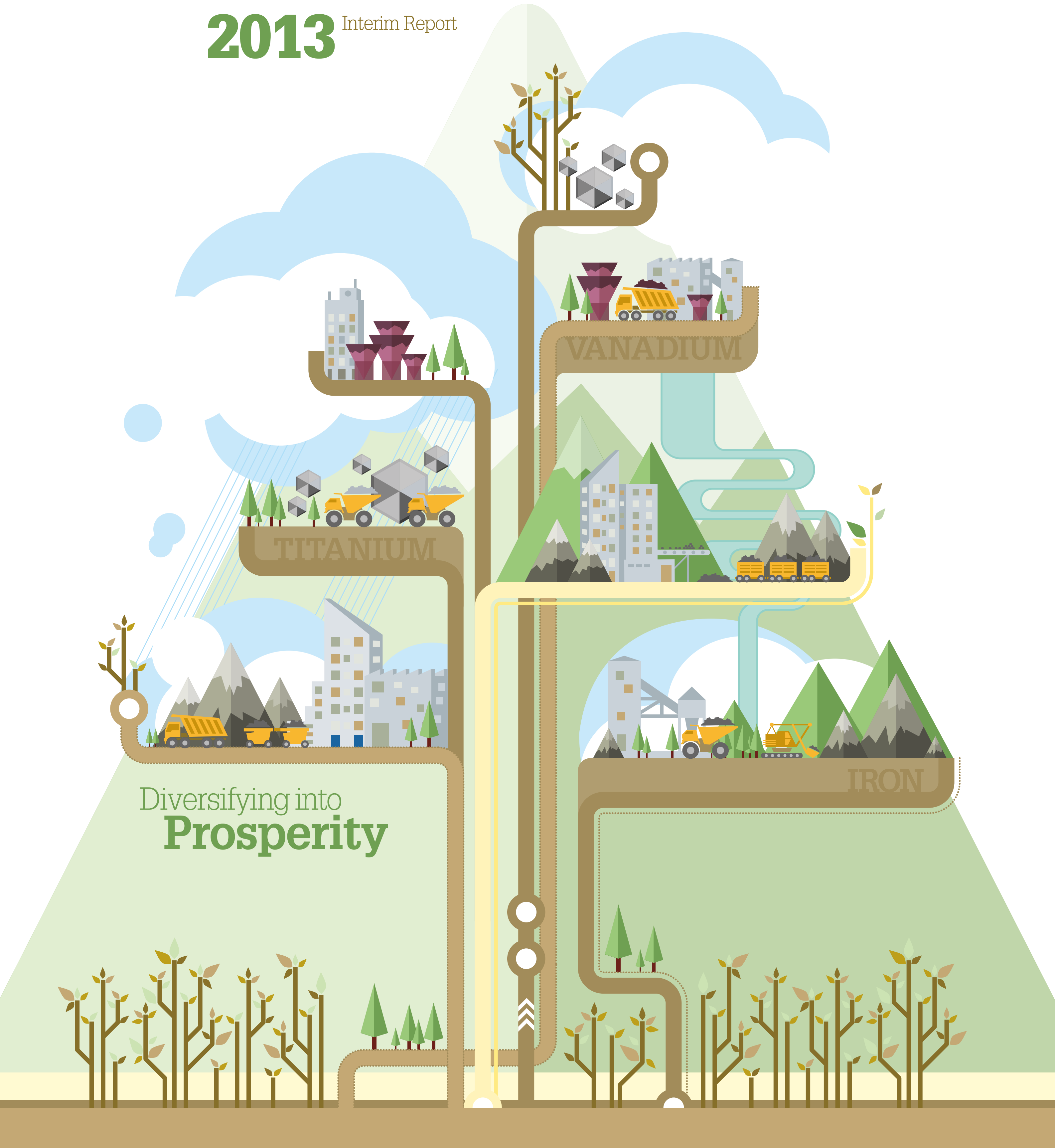
China Vanadium Titano-Magnetite Mining Company Limited
中國釩鈦磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00893

2013 Interim Report



Diversifying into **Prosperity**

Our Presence

Mines

	Name	Location	Area	Type of Resources	Resources under the JORC Code as at 1 January 2013 (Mt)	Average Grade	Mining Method
1	Baicao Mine	Huili County, Sichuan	Mining area: 1.88 sq.km.	Vanadium-titano magnetite	102.5	25.1% Fe	Open-pit mining
2	Xiushuihe Mine (including expansion area)	Huili County, Sichuan	Exploration area: 1.73 sq.km. (including a mining area of 0.52 sq.km.)	Vanadium-titano magnetite	90.4	24.6% Fe	Open-pit mining
3	Yangqueqing Mine	Huili County, Sichuan	Mining area: 0.25 sq.km.	Vanadium-titano magnetite	21.2	25.1% Fe	Open-pit mining
4	Cizhuqing Mine	Huili County, Sichuan	Exploration area: 2.30 sq.km.	Vanadium-titano magnetite	25.6	21.4% Fe	Open-pit mining
5	Maoling-Yanglongshan Mine	Wenchuan County, Sichuan	Exploration area: 11.60 sq.km. (including a mining area of 1.90 sq.km.)	Ordinary magnetite	60.4	22.8% Fe	Underground mining

* Pingchuan Mine: Joint venture arrangement to develop the Dashanshu Section
** Haibaodang Mine: Acquisition pending completion with forecasted resources of at least 100.0 Mt

Iron Pelletising Plant

	Name	Location	Capacity
6	Old Iron Pelletising Plant***	Huili County, Sichuan	360.0 Ktpa
7	New Iron Pelletising Plant	Huili County, Sichuan	1,000.0 Ktpa

*** Old Iron Pelletising Plant has been disposed on 20 August 2013

Processing Plants

	Name	Location	Capacity (wet basis)
8	Xiushuihe Processing Plant	Near Xiushuihe Mine	Vanadium-bearing iron concentrates: 800.0 Ktpa; High-grade titanium concentrates: 100.0 Ktpa
9	Baicao Processing Plant	Near Baicao Mine	Vanadium-bearing iron concentrates: 700.0 Ktpa; High-grade titanium concentrates: 60.0 Ktpa
10	Hailong Processing Plant	Near Cizhuqing Mine	Vanadium-bearing iron concentrates: 300.0 Ktpa
11	Heigutian Processing Plant	Near Yangqueqing Mine	Vanadium-bearing iron concentrates: 800.0 Ktpa; High-grade titanium concentrates: 120.0 Ktpa
12	Maoling Processing Plant	Near Maoling-Yanglongshan Mine	Ordinary iron concentrates: 150.0 Ktpa

Contents

BOARD OF DIRECTORS

Executive Directors

Mr. Jiang Zhong Ping *(Chairman)*
Mr. Liu Feng *(Chief Executive Officer)*
Mr. Yu Xing Yuan *(Chief Investment Officer)*

Non-executive Directors

Mr. Wang Jin
Mr. Teo Cheng Kwee

Independent Non-executive Directors

Mr. Yu Haizong
Mr. Gu Peidong
Mr. Liu Yi

AUDIT COMMITTEE

Mr. Yu Haizong *(Chairman)*
Mr. Gu Peidong
Mr. Liu Yi

REMUNERATION COMMITTEE

Mr. Gu Peidong *(Chairman)*
Mr. Wang Jin
Mr. Yu Haizong

NOMINATION COMMITTEE

Mr. Jiang Zhong Ping *(Chairman)*
Mr. Yu Haizong
Mr. Liu Yi

COMPANY SECRETARY

Mr. Kong Chi Mo, Roy *(FCCA, FCIS, FCS (PE) & MHKIoD)*

AUTHORISED REPRESENTATIVES

Mr. Jiang Zhong Ping
Mr. Kong Chi Mo, Roy *(FCCA, FCIS, FCS (PE) & MHKIoD)*

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STOCK CODE

00893

SHARE INFORMATION

Board lot size: 1,000

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

The Group's revenue amounted to approximately RMB836.7 million for the Reporting Period, representing an increase of RMB62.8 million or 8.1% as compared to approximately RMB773.9 million for the six months ended 30 June 2012.

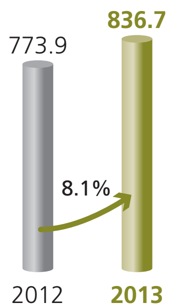
The Group's gross profit amounted to approximately RMB327.6 million for the Reporting Period, representing a decrease of RMB37.3 million or 10.2% as compared to approximately RMB364.9 million for the six months ended 30 June 2012. The gross profit margin for the Reporting Period was approximately 39.2% as compared to approximately 47.2% for the six months ended 30 June 2012.

The profit and total comprehensive income attributable to owners of the Company for the Reporting Period was approximately RMB125.9 million, representing a decrease of RMB91.3 million or 42.0% as compared to approximately RMB217.2 million for the six months ended 30 June 2012. The Net Profit Margin for the Reporting Period was approximately 15.0% as compared to approximately 28.1% for the six months ended 30 June 2012.

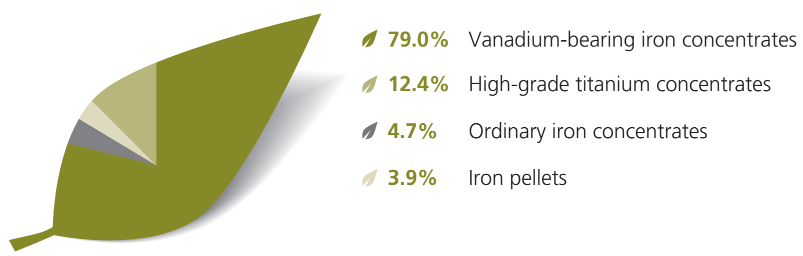
The basic and diluted earnings per Share attributable to ordinary equity holders of the Company amounted to approximately RMB6 cents for the Reporting Period, representing a decrease of RMB4 cents or 40.0% as compared to approximately RMB10 cents for the six months ended 30 June 2012.

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

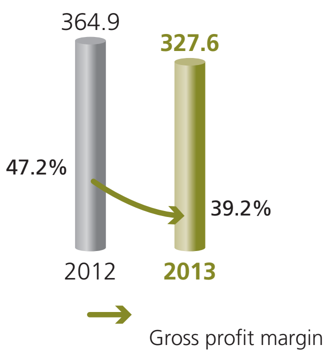
Revenue (RMB million)
for the six months ended 30 June



Revenue Breakdown by Product Categories
for the six months ended 30 June 2013



Gross Profit (RMB million) and Gross Profit Margin
for the six months ended 30 June



Profit and Total Comprehensive Income Attributable to Owners of the Company (RMB million) and Net Profit Margin
for the six months ended 30 June

MARKET REVIEW

During the Reporting Period, the global economy has been characterised by uncertainty. The slow economic recovery in the US, the debt crisis in Europe and the deceleration of economic growth in China have all adversely affected market confidence. The high inventory level and the surplus in the production capacity of steel in China have aggravated the situation.

The price of steel has been suppressed due to the country's excess steel production capacity, which has led to a continuous surplus in the spot market. The price of iron ore has therefore been negatively affected. The China Iron Ore Price Index (CIOPI) compiled by the China Iron & Steel Association（中國鋼鐵工業協會）fell from 492.26 in February 2013 to 425.95 at the end of June 2013, strongly indicative of the downward trend of steel prices during the first half of 2013. Also, due to the contraction in downstream demand, the price of high-grade titanium concentrates dropped since April this year. Mining companies in the Panxi Region, the largest production base of high-grade titanium concentrates in China, substantially lowered their prices which made the operating environment even more difficult. In view of such a poor market situation, the Group's business was unfavorably affected, experiencing a bigger decline.

In addition, China has continued its credit tightening policy in the first half of 2013, which saw interbank lending rates reach a new high in June. The People's Bank of China has called for tighter lending standards, which has reduced financing for the private sector, both increasing the operating costs and presenting difficulties for private enterprises to obtain capital for working capital purpose.

BUSINESS AND OPERATIONS REVIEW

During the Reporting Period, even though the steel plants reduced or suspended their operations, there was still excess steel production in view of such tough market condition, which led to a decline in the steel price and correspondingly affected the market price of iron ore products in the same direction. This coupled with the increased average unit production cost, contributed to a decrease in the Group's gross profit margin by 8 percentage points to 39.2% as compared to the corresponding period of last year. The profit and total comprehensive income attributable to owners of the Company also decreased by 42.0% to approximately RMB125.9 million as compared to the corresponding period of last year.

As at 30 June 2013, the Group owned the Baicao Mine, the Xiushuihe Mine, the Yangqueqing Mine, the Cizhuqing Mine and the Maoling-Yanglongshan Mine. In addition, the Group has also entered into an agreement to develop the Dashanshu Section of the Pingchuan Mine through a joint venture arrangement and an agreement to acquire Panzhihua Yixingda, which owns the exploration right of the Haibaodang Mine. As additional time is required by an independent geological agent (the "Geological Agent") to prepare the Mineral Resources and Reserves Report, the acquisition of the equity interest in Panzhihua Yixingda may not be completed until the second half of 2014.

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

On 11 July 2013, the Group announced that based on the results of the preliminary survey conducted by the Geochemistry Exploration Brigade of Sichuan Bureau of Exploration and Development of Geology and Mineral Resources (四川省地質礦產勘查開發局化探隊) ("Sichuan Geochemistry Exploration Team"), there may exist economically mineable niobium and tantalum ore resources at the Baicao Mine. To better preserve these resources, the Board decided to adjust the Group's normal mining operation after acceptance of the recommendations given by the Sichuan Geochemistry Exploration Team. The mining operation at the Baicao Mine has to be affected for a period of not more than 11 months, beginning from July 2013, thus the production of the vanadium-bearing iron ore at the Baicao Mine will be significantly reduced. The Board expected that the production volume of the Group's vanadium-bearing iron concentrates for the second half of 2013 and the first half of 2014 will be reduced by not more than 300,000 tonnes and 250,000 tonnes, respectively. As such, the revenue and profits of the Group for the second half of 2013 and the first half of 2014 will be substantially reduced, as compared to those for the same periods in 2012 and 2013, respectively. Please refer to Company's announcement on 11 July 2013 for further details.

As at 30 June 2013, the Group owned the Baicao Processing Plant, the Xiushuihe Processing Plant, the Hailong Processing Plant, the Heigutian Processing Plant and two iron pelletising plants in the Panxi Region. Furthermore, the Group also owned the Maoling Processing Plant in Aba Prefecture. As at 30 June 2013, the Group's annual self-production capacity (on a wet basis) of vanadium-bearing iron concentrates, ordinary iron concentrates, iron pellets and high-grade titanium concentrates amounted to 2,600.0 Ktpa, 150.0 Ktpa, 1,360.0 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		
	2013 (Kt)	2012 (Kt)	Change (%)
Vanadium-bearing iron concentrates			
Baicao Processing Plant	**223.1**	252.2	-11.5
Xiushuihe Processing Plant	**319.9**	308.8	3.6
Heigutian Processing Plant	**348.9**	322.1	8.3
Hailong Processing Plant	**98.5**	74.7	31.9
Total production volume	**990.4**	957.8	3.4
Total sales volume	**1,112.2**	542.8	104.9
Ordinary iron concentrates			
Maoling Processing Plant	**41.3**	21.7	90.3
Total production volume	**41.3**	21.7	90.3
Total sales volume	**37.8**	21.5	75.8

	Six months ended 30 June		
	2013 (Kt)	2012 (Kt)	Change (%)
Iron pellets			
Old Iron Pelletising Plant	–	85.9	-100.0
New Iron Pelletising Plant	**25.7**	207.0	-87.6
Independent third party pelletising contractors	–	82.2	-100.0
Total production volume	**25.7**	375.1	-93.1
Total sales volume	**38.3**	382.2	-90.0
Medium-grade titanium concentrates			
Baicao Processing Plant	–	5.1	-100.0
Total production volume	–	5.1	-100.0
Total sales volume	–	5.3	-100.0
High-grade titanium concentrates			
Baicao Processing Plant	**39.0**	14.3	172.7
Xiushuihe Processing Plant	**43.0**	25.5	68.6
Heigutian Processing Plant	**26.4**	30.0	-12.0
Total production volume	**108.4**	69.8	55.3
Total sales volume	**118.5**	72.3	63.9

During the Reporting Period, since there was no temporary power suspension and power supply restriction measures adopted in the Panxi Region, the total production volume of vanadium-bearing iron concentrates increased by 3.4% as compared to the corresponding period of last year. In the meantime, total sales volume of vanadium-bearing iron concentrates during the Reporting Period significantly increased by 104.9% as compared to the corresponding period of last year, which was primarily due to the significant decrease in customers' demand on iron pellets, and almost all of vanadium-bearing iron concentrates have been sold to the customers directly rather than being further processed into iron pellets. Thus, the Old Iron Pelletising Plant has ceased production temporarily during the Reporting Period. As a result, total production volume and total sales volume of iron pellets significantly declined during the Reporting Period.

During the Reporting Period, total production volume and total sales volume of high-grade titanium concentrates increased by 55.3% and 63.9%, respectively as compared to the corresponding period of last year. As a key growth driver for the Group, high-grade titanium concentrates contributed approximately 12.4% (six months ended 30 June 2012: 12.1%) of the total revenue during the Reporting Period.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue was approximately RMB836.7 million (six months ended 30 June 2012: RMB773.9 million), representing an increase of 8.1% as compared to the corresponding period in 2012. Such increase was primarily due to the increase in sales volume of vanadium-bearing iron concentrates and high-grade titanium concentrates, which was partially offset by the decrease in the average selling prices of the Group's products.

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, and depreciation and amortisation. During the Reporting Period, the Group's cost of sales was approximately RMB509.1 million (six months ended 30 June 2012: RMB409.0 million), representing an increase of 24.5% as compared to the corresponding period in 2012. The increase was primarily due to the higher sales volume and unit production costs of the Group's products. The increase in unit production costs was primarily due to the lower grading of the raw iron ore mined as a result of deeper extraction from the mines which led to the lower processing recovery.

Gross Profit and Margin

As a result of the foregoing, the gross profit during the Reporting Period decreased by 10.2%, from approximately RMB364.9 million to approximately RMB327.6 million. The gross profit margin decreased from approximately 47.2% for the six months ended 30 June 2012 to approximately 39.2% for the Reporting Period.

Other Income and Gains

The other income and gains increased by 113.3%, from approximately RMB21.8 million for the six months ended 30 June 2012 to approximately RMB46.5 million for the Reporting Period. The other income and gains of the Group mainly included bank interest income, change in fair value gains on the Exchangeable Notes and income from processing iron pellets for an independent third party.

Selling and Distribution Expenses

The selling and distribution expenses increased by 526.8%, from approximately RMB7.1 million for the six months ended 30 June 2012 to approximately RMB44.5 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 platform administration fees. The increase was mainly due to the significant increase in transportation expenses as a result of an increase in sales volume to the customers that required the Group to transport products to designated railway stations from September 2012 to April 2013.

Administrative Expenses

The administrative expenses increased by 6.2%, from approximately RMB59.5 million for the six months ended 30 June 2012 to approximately RMB63.2 million for the Reporting Period. The increase in administrative expenses was mainly due to the professional fees payable for the privatisation and depreciation expenses of the Old Iron Pelletising Plant which has ceased production temporarily during the Reporting Period.

The equity-settled share option expenses of approximately RMB8.9 million for the Reporting Period (six months ended 30 June 2012: RMB16.8 million) were incurred because three batches of share options were granted to certain Directors, senior management and employees of the Group on 29 December 2009, 1 April 2010 and 23 May 2011, respectively.

Other Expenses

The other expenses increased by 840.0%, from approximately RMB1.5 million for the six months ended 30 June 2012 to approximately RMB14.1 million for the Reporting Period, mainly representing the processing costs of iron pellets incurred for an independent third party.

Finance Costs

The finance costs increased by 192.7%, from approximately RMB17.8 million for the six months ended 30 June 2012 to approximately RMB52.1 million for the Reporting Period, primarily due to the increase in interest on discounted bills receivable.

Income Tax Expense

The income tax expense decreased by 15.7%, from approximately RMB82.6 million for the six months ended 30 June 2012 to approximately RMB69.6 million for the Reporting Period. It mainly included (i) the income tax charged for the Reporting Period and (ii) the under-provision of income tax of approximately RMB17.4 million for last year, as Xiushuihe Mining has yet to obtain a confirmation from the Sichuan Province Economic and Information Commission to further substantiate its entitlement of the preferential tax rate of 15% as required under a notice received from the local tax bureau in May 2013. Therefore, the applicable income tax rate of Xiushuihe Mining has been restated at 25.0% for the year 2012.

Profit and Total Comprehensive Income

As a result of the foregoing, the profit and total comprehensive income for the Reporting Period decreased by 41.5%, from approximately RMB220.3 million for the six months ended 30 June 2012 to approximately RMB128.8 million for the Reporting Period.

Profit and Total Comprehensive Income Attributable to Owners of the Company

The profit and total comprehensive income attributable to owners of the Company decreased by 42.0%, from approximately RMB217.2 million for the six months ended 30 June 2012 to approximately RMB125.9 million for the Reporting Period. The Net Profit Margin decreased from 28.1% for the six months ended 30 June 2012 to 15.0% for the Reporting Period.

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 condensed statement of cash flows for the six months ended 30 June 2012 and 2013:

	Six months ended 30 June			
	2013		2012	
	RMB'000	**RMB'000**	RMB'000 (Restated)	RMB'000
Cash and cash equivalents as stated in the consolidated statement of cash flows for the year ended 31 December 2012/2011		**375,346**		196,830
Net cash flows from operating activities	**72,059**		549,337	
Net cash flows used in investing activities	**(311,804)**		(290,530)	
Net cash flows from/(used in) financing activities	**47,012**		(134,294)	
Net (decrease)/increase in cash and cash equivalents		**(192,733)**		124,513
Effect of foreign exchange rate changes, net		**(293)**		22
Cash and cash equivalents as stated in the consolidated condensed statement of cash flows for the six months ended 30 June 2013/2012		**182,320**		321,365

Net Cash Flows from Operating Activities

The Group's net cash flows from operating activities significantly decreased by 86.9%, from approximately RMB549.3 million for the six months ended 30 June 2012 to approximately RMB72.1 million for the Reporting Period. It primarily included the profit before tax of RMB198.4 million, which has been offset by the increase in prepayments, deposits and other receivables. The increase in prepayments, deposits and other receivables was mainly due to a prepayment made for the purchase of ordinary iron concentrates of RMB140.0 million for trading purpose, which entitled the Group to a 5% discount on the purchase price as compared to the prevailing market price.

Net Cash Flows used in Investing Activities

The Group's net cash flows used in investing activities increased by 7.3%, from approximately RMB290.5 million for the six months ended 30 June 2012 to approximately RMB311.8 million for the Reporting Period. It primarily included (i) the purchase of items of property, plant and equipment and intangible assets of approximately RMB143.9 million; (ii) the increase in pledged bank balance of approximately RMB181.5 million for issuance of bills payable, which was partially offset by the decrease in the time deposits with original maturity of over three months of RMB50.0 million and (iii) the payment for acquisition of 30% equity interest in Yuechuan Mining of approximately RMB34.9 million.

Net Cash Flows from/(used in) Financing Activities

The Group's net cash flows used in financing activities was approximately RMB134.3 million for the six months ended 30 June 2012 and the net cash flows from financing activities was approximately RMB47.0 million for the Reporting Period. It primarily included the proceeds from bank loans of approximately RMB227.9 million, which was partially offset by the repayment of bank loans of RMB180.0 million.

Analysis of Inventories

The Group's inventories decreased by 10.2%, from approximately RMB180.0 million as at 31 December 2012 to approximately RMB161.7 million as at 30 June 2013, primarily due to the increase in sales volume of the Group's products.

Analysis of Trade and Bills Receivables

The Group's trade and bills receivables increased by 68.7%, from approximately RMB109.1 million as at 31 December 2012 to approximately RMB184.0 million as at 30 June 2013. Trade receivable turnover days were approximately 29 days (year ended 31 December 2012: 25 days) and the Group generally has the one-month credit policy given to customers.

Analysis of Trade and Bills Payables

The Group's trade and bills payables increased by 21.2%, from approximately RMB816.6 million as at 31 December 2012 to approximately RMB989.7 million as at 30 June 2013, primarily due to the increase of settlement to suppliers through the usage of bills during the Reporting Period.

Analysis of Net Current Assets Position

The Group's net current assets position increased by 16.8%, from approximately RMB499.0 million as at 31 December 2012 to approximately RMB583.0 million as at 30 June 2013, primarily because the profits realised during the Reporting Period exceeded the capital expenditure.

Borrowings

As at 30 June 2013, the Group's borrowings mainly included: (i) an unsecured long-term bank loan of RMB100.0 million with annual interest rates ranging from 6.55% to 7.05% from China Construction Bank ("CCB") Xichang 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 branch to Huili Caitong. In accordance with the loan agreements entered into between Huili Caitong and CCB Xichang branch, Huili Caitong agreed not to mortgage or pledge Huili Caitong's mining right of the Baicao Mine and its vanadium-bearing iron concentrate production line with an annual production capacity of 500.0 Ktpa to any parties and CCB Xichang branch will be entitled to a pre-exemption right in the event of such mortgage or pledge; (ii) a secured short-term bank loan of US$15.0 million (approximately RMB92.7 million) from Oversea-Chinese Banking Corporation Limited ("OCBC") to the Company in April 2012 which was renewed in April 2013 with an annual interest rate of prevailing Cost of Funds plus 1.5% and was secured by a deposit of RMB100.0 million pledged by Huili Caitong at OCBC Chengdu branch; (iii) a secured short-term bank loan of approximately US$7.7 million (approximately RMB47.4 million) with an annual interest rate of prevailing LIBOR plus 1.45% from China Merchant Bank Co., Ltd. ("CMB") to First China and was secured by a deposit of RMB50.0 million pledged by Huili Caitong at CMB Yingmenkou branch and (iv) an unsecured short-term bank loan of RMB30.0 million with an annual interest rate of 6.60% from CCB Aba branch to Aba Mining and a short-term bank loan of RMB18.0 million with an annual interest rate of 7.04% from CCB Aba branch to Aba Mining, which was guaranteed by Chuan Wei.

Contingent Liabilities

As at 30 June 2013, the Group did not have any material contingent liabilities.

Pledge of Assets

As at 30 June 2013, Huili Caitong pledged its deposit of RMB100.0 million at OCBC Chengdu branch for the bank loan of US$15.0 million (approximately RMB92.7 million) obtained by the Company from OCBC, and also pledged its deposit of RMB50.0 million at CMB Yingmenkou branch for the bank loan of approximately US$7.7 million (approximately RMB47.4 million) obtained by First China from CMB as well as the deposits of RMB300.3 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, the bank loans obtained from OCBC and 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 floating rates. In addition, the Group has not used any interest rate swap to hedge against interest rate risk.

Contractual Obligations

As at 30 June 2013, the Group's contractual obligations amounted to approximately RMB464.7 million, and decreased by RMB6.1 million as compared to approximately RMB470.8 million as at 31 December 2012, 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 RMB4.3 million from approximately RMB150.7 million for the six months ended 30 June 2012 to approximately RMB146.4 million during the Reporting Period.

The capital expenditure consisted of (i) the construction and improvement of tailing storage facilities to cope with expanded production capacity at the Xiushuihe Processing Plant and the Baicao Processing Plant of approximately RMB38.4 million; (ii) the tunnel construction at the Maoling-Yanglongshan Mine of approximately RMB12.9 million; (iii) the exploration and evaluation costs of approximately RMB14.1 million for the Yangqueqing Mine, the Maoling-Yanglongshan Mine and the Xiushuihe Mine (including expansion area); (iv) the prepayment of RMB34.9 million for the acquisition of 30% equity interest in Yuechuan Mining; (v) the development of the construction of miscellaneous projects and acquisition of machinery equipment of approximately RMB15.7 million; and (vi) the stripping costs classified as stripping activity assets of RMB30.4 million.

Financial Instruments

As at 30 June 2013, the Group had the Exchangeable Notes in the principal amount of US$30.0 million. The Exchangeable Notes are accounted for as financial assets at fair value through profit or loss.

Gearing Ratio

Gearing ratio is a measure of financial leverage, which is calculated by net debt divided by "total equity plus net debt". Net debt is defined as interest-bearing bank loans and commercial paper liabilities, net of cash and cash equivalents and it excludes liabilities incurred for working capital purpose. Equity includes equity attributable to owners of the Company and non-controlling interests. As at 30 June 2013, the Group's cash and cash equivalents exceeded the interest-bearing bank loans and commercial paper liabilities. As such, no gearing ratio as at 30 June 2013 is presented.

Subsequent Event

On 20 August 2013, the Group has disposed the Old Iron Pelletising Plant for a sum of RMB28.3 million (the net carrying amount as at 20 August 2013: RMB32.6 million) to an independent third party, which was mainly because the repairs and maintenance cost for the Old Iron Pelletising Plant was constantly increasing over the years while the Group expected that the New Iron Pelletising Plant will be able to meet the customers' needs.

OTHER SIGNIFICANT EVENTS

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

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

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

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

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

OUTLOOK

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 announced its intention to eliminate non-compliant industrial production facilities to reduce the country's excess capacity. As the new policy has the steel industry as one of its key focuses, pressure on steel prices should hopefully be alleviated in the future. Work on the urban rail infrastructure projects launched in late September last year have gradually commenced during the first half of the year and are expected to drive the demand for raw materials such as mining resources. While major steel factories had earlier reduced their prices for a few consecutive months, this trend has now reversed. Despite this, the upstream mining companies in China still face many challenges.

As mentioned previously, due to the discovery that the potential niobium and tantalum ore resources are widely dispersed at the Baicao Mine, the Group will adjust its normal mining operation. It is expected that the production volume of the vanadium-bearing iron concentrates at the Baicao Mine will be significantly reduced. Inevitably, the Group's results for the second half of 2013 and the first half of 2014 will be subsequently affected.

Anticipating that the Group will encounter future challenges and pressures in the market, the Group has formulated a series of measures to further consolidate its competitiveness and achieve sustainable development as well as to grasp the potential opportunities. These initiatives include increasing the available resources and reserves in sustainable ways such as boundary extensions of existing mines and acquisition of new mines, enhancing production efficiency by further expanding production volume through the use of innovative technologies and prudent investments overseas in order to obtain the corresponding returns.

Looking ahead, riding on the solid foundation we have established over the years, the Group will proactively seek out viable market opportunities to expand its revenue stream in order to further diversify its business development as well as to increase profit growth, in a bid to consolidate its leading position in the industry and bring the best returns to its Shareholders.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2013, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, are as follows:

(a) Long positions in Shares

	Number of Shares held, capacity and nature of interest		
Name of Director	**Through parties acting in concert**	**Total**	**Percentage of the Company's issued share capital**
Mr. Wang Jin	1,022,199,072 (L) (Notes 1,2&3)	1,022,199,072 (L)	49.26% (L)

Notes:

1. The letter "L" represents the individual's long positions in the Shares.

2. 1,006,754,000 Shares were directly held by Trisonic International which was owned as to, inter alia, 42.6% by Mr. Wang Jin and 40% by Kingston Grand which in turn was owned as to 100% by Mr. Wang Jin. Since Trisonic International, Kingston Grand and Mr. Wang Jin were parties acting in concert, Mr. Wang Jin was deemed to be interested in 1,006,754,000 Shares held by Trisonic International.

3. 15,445,072 Shares were directly held by Sapphire. Since Mr. Wang Jin and Sapphire were deemed as parties acting in concert, Mr. Wang Jin was deemed to be interested in 15,445,072 Shares held by Sapphire.

(b) Long positions in share options granted by the Company

Number of share options held by the Directors and chief executives of the Company as at 30 June 2013:

Name	Number of share options held	Number of underlying Shares
Mr. Jiang Zhong Ping	8,500,000	8,500,000
Mr. Liu Feng	11,000,000	11,000,000
Mr. Yu Xing Yuan	14,500,000	14,500,000
Mr. Kong Chi Mo, Roy	7,500,000	7,500,000

Save as disclosed above, as at 30 June 2013, so far as is known to any Directors and chief executives of the Company, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTIONS

The Company adopted a share option scheme (the "Old Option Scheme") on 4 September 2009. At the 2010 AGM, the Shareholders approved the adoption of a new share option scheme (the "New Option Scheme") and the termination of 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 full force and effect).

(i) Old Option Scheme

Details of the share options outstanding as at 30 June 2013 which have been granted under the Old Option Scheme are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price per share option HK$	No. of share options held as at 01.01.2013	No. of share options exercised during the Reporting Period	No. of share options held as at 30.06.2013
1. Directors/chief executives						
Mr. Jiang Zhong Ping	29.12.2009	29.06.2012 to 28.12.2019	5.05	1,500,000	–	1,500,000
		29.12.2014 to 28.12.2019	5.05	1,500,000	–	1,500,000
	01.04.2010	01.10.2012 to 31.03.2020	4.99	250,000	–	250,000
		01.04.2015 to 31.03.2020	4.99	250,000	–	250,000
Mr. Liu Feng	29.12.2009	29.06.2012 to 28.12.2019	5.05	2,000,000	–	2,000,000
		29.12.2014 to 28.12.2019	5.05	2,000,000	–	2,000,000
	01.04.2010	01.10.2012 to 31.03.2020	4.99	1,250,000	–	1,250,000
		01.04.2015 to 31.03.2020	4.99	1,250,000	–	1,250,000
Mr. Yu Xing Yuan	29.12.2009	29.06.2012 to 28.12.2019	5.05	3,500,000	–	3,500,000
		29.12.2014 to 28.12.2019	5.05	3,500,000	–	3,500,000
	01.04.2010	01.10.2012 to 31.03.2020	4.99	1,250,000	–	1,250,000
		01.04.2015 to 31.03.2020	4.99	1,250,000	–	1,250,000
Mr. Kong Chi Mo, Roy	29.12.2009	29.06.2012 to 28.12.2019	5.05	1,500,000	–	1,500,000
		29.12.2014 to 28.12.2019	5.05	1,500,000	–	1,500,000

	Name or category of participant	Date of grant	Exercise period	Exercise price per share option HK$	No. of share options held as at 01.01.2013	No. of share options exercised during the Reporting Period	No. of share options held as at 30.06.2013
	Mr. Kong Chi Mo, Roy	01.04.2010	01.10.2012 to 31.03.2020	4.99	250,000	–	250,000
			01.04.2015 to 31.03.2020	4.99	250,000	–	250,000
2.	**Employees** (in aggregate)	29.12.2009	29.06.2012 to 28.12.2019	5.05	1,600,000	–	1,600,000
			29.12.2014 to 28.12.2019	5.05	1,600,000	–	1,600,000
		01.04.2010	01.10.2012 to 31.03.2020	4.99	1,700,000	–	1,700,000
			01.04.2015 to 31.03.2020	4.99	1,700,000	–	1,700,000
Total					29,600,000	–	29,600,000

(ii) New Option Scheme

Details of the share options outstanding as at 30 June 2013 which have been granted under the New Option Scheme are as follows:

	Name or category of participant	Date of grant	Exercise period	Exercise price per share option HK$	No. of share options held as at 01.01.2013	No. of share options exercised during the Reporting Period	No. of share options held as at 30.06.2013
1.	**Directors/chief executives**						
	Mr. Jiang Zhong Ping	23.05.2011	23.05.2013 to 22.05.2021	3.60	5,000,000	–	5,000,000
	Mr. Liu Feng	23.05.2011	23.05.2013 to 22.05.2021	3.60	4,500,000	–	4,500,000
	Mr. Yu Xing Yuan	23.05.2011	23.05.2013 to 22.05.2021	3.60	5,000,000	–	5,000,000
	Mr. Kong Chi Mo, Roy	23.05.2011	23.05.2013 to 22.05.2021	3.60	4,000,000	–	4,000,000
2.	**Employees** (in aggregate)	23.05.2011	23.05.2013 to 22.05.2021	3.60	8,800,000	–	8,800,000
Total					27,300,000	–	27,300,000

Save as disclosed above, at no time during the Reporting Period was the Company, its holding companies or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

To the best knowledge of the Directors or chief executives of the Company, as at 30 June 2013, persons (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Long and short positions in Shares and underlying Shares under equity derivatives:

Name	Notes	Directly beneficially owned	Through controlled corporation	Through parties acting in concert	Held in the capacity of investment manager	Total	Percentage of the Company's issued share capital
Trisonic International	1,2,4&6	1,006,754,000 (L)	–	15,445,072 (L)	–	1,022,199,072 (L)	49.26% (L)
Kingston Grand	1,2,3,4&6	–	–	1,022,199,072 (L)	–	1,022,199,072 (L)	49.26% (L)
Mr. Yang Xianlu	1&4	–	–	1,022,199,072 (L)	–	1,022,199,072 (L)	49.26% (L)
Mr. Wu Wendong	1&4	–	–	1,022,199,072 (L)	–	1,022,199,072 (L)	49.26% (L)
Mr. Li Hesheng	1,2&4	–	–	1,022,199,072 (L)	–	1,022,199,072 (L)	49.26% (L)
Mr. Shi Yinjun	1,2&4	–	–	1,022,199,072 (L)	–	1,022,199,072 (L)	49.26% (L)
Mr. Zhang Yuangui	1,2&4	–	–	1,022,199,072 (L)	–	1,022,199,072 (L)	49.26% (L)
Sapphire	1,4&7	15,445,072 (L)	–	1,006,754,000 (L)	–	1,022,199,072 (L)	49.26% (L)
Templeton Asset Management Ltd.	1	–	–		187,122,117 (L)	187,122,117 (L)	9.02% (L)
Morgan Stanley	1&5	–	112,785,999 (L)	–	–	112,785,999 (L)	5.43% (L)
		–	259,000 (S)	–	–	259,000 (S)	0.01% (S)

Notes:

1. The letter "L" represents the entity's/individual's long positions in the Shares and the letter "S" represents the entity's/individual's short positions in the Shares.

2. The issued share capital of Trisonic International was owned as to 3% by Mr. Li Hesheng, 42.6% by Mr. Wang Jin, 7.2% by Mr. Shi Yinjun, 7.2% by Mr. Zhang Yuangui and 40% by Kingston Grand. The interests of Mr. Wang Jin in the Shares of the Company is disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

3. The issued share capital of Kingston Grand was owned as to 100% by Mr. Wang Jin.

4. As at 30 June 2013, 1,006,754,000 Shares and 15,445,072 Shares were held by Trisonic International and Sapphire, respectively. Since Sapphire, Trisonic International, Kingston Grand, Mr. Wang Jin, Mr. Yang Xianlu, Mr. Wu Wendong, Mr. Li Hesheng, Mr. Shi Yinjun and Mr. Zhang Yuangui were parties acting in concert:

    (i) Sapphire was deemed to be interested in 1,006,754,000 Shares held by Trisonic International;

    (ii) Trisonic International was deemed to be interested in 15,445,072 Shares held by Sapphire; and

    (iii) each of Kingston Grand, Mr. Yang Xianlu, Mr. Wu Wendong, Mr. Li Hesheng, Mr. Shi Yinjun and Mr. Zhang Yuangui were deemed to be interested in 1,006,754,000 Shares held by Trisonic International and 15,445,072 Shares held by Sapphire.

5. The corporate substantial shareholder notice filed by Morgan Stanley indicated that:

    (i) a long position of 112,783,999 Shares were held by Morgan Stanley & Co. International plc, which was in turn indirectly wholly-owned by Morgan Stanley;

    (ii) a long position of 2,000 Shares were held by Morgan Stanley & Co. LLC, which was in turn indirectly wholly-owned by Morgan Stanley; and

    (iii) a short position of 259,000 Shares (representing a derivative interest) were held by Morgan Stanley Capital Services LLC, which was in turn indirectly wholly-owned by Morgan Stanley.

    Accordingly, Morgan Stanley was deemed to be interested in the Shares held by Morgan Stanley & Co. International plc, Morgan Stanley & Co. LLC and Morgan Stanley Capital Services LLC under the SFO.

6. Mr. Wang Jin was a director of Trisonic International and Kingston Grand.

7. Mr. Teo Cheng Kwee, a non-executive Director, was the chief executive officer of Sapphire.

Save as disclosed above, as at 30 June 2013, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 June 2013, the number of employees of the Group was 2,077 (as at 31 December 2012: 2,051). 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 RMB67.9 million (six months ended 30 June 2012: approximately RMB70.3 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.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Mr. Yu Haizong, Mr. Gu Peidong and Mr. Liu Yi. Mr. Yu Haizong acts as the chairman of the audit committee.

The audit committee has adopted written terms of reference which are in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. It is mainly responsible for the matters concerning the internal control and financial reporting, reviewing with the senior management of the accounting principles, accounting standards and methods adopted by the Company.

REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

Disclosure of financial information in this report 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.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the Reporting Period.

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.

PURCHASE, 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.

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

Hong Kong, 26 August 2013

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working world

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To the Board of Directors
CHINA VANADIUM TITANO-MAGNETITE MINING COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed financial information set out on pages 22 to 48, which comprises the consolidated statement of financial position of China Vanadium Titano-Magnetite Mining Company Limited as at 30 June 2013 and the related consolidated statements of comprehensive income and changes in equity, and consolidated condensed statement of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

The Directors are responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

26 August 2013

	Notes	For the six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited) (Restated)
Revenue	3	**836,672**	773,886
Cost of sales		**(509,117)**	(409,035)
Gross profit		**327,555**	364,851
Other income and gains	4	**46,477**	21,790
Selling and distribution expenses		**(44,457)**	(7,093)
Administrative expenses		**(63,235)**	(59,460)
Other expenses		**(14,076)**	(1,466)
Finance costs	5	**(52,082)**	(17,803)
Share of profits and losses of jointly-controlled entities		**(1,800)**	2,060
PROFIT BEFORE TAX	6	**198,382**	302,879
Income tax expense	7	**(69,584)**	(82,572)
Profit and total comprehensive income for the period		**128,798**	220,307
Attributable to:			
Owners of the Company		**125,938**	217,212
Non-controlling interests		**2,860**	3,095
		128,798	220,307
Earnings per Share attributable to ordinary equity holders of the Company:			
– Basic and diluted	8	**RMB0.06**	RMB0.10

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**1,777,798**	1,778,789
Intangible assets	9	**597,753**	574,095
Prepaid land lease payments	9	**48,875**	49,451
Investments in jointly-controlled entities	10	**13,193**	12,031
Financial assets at fair value through profit or loss	11	**253,129**	239,272
Prepayments and deposits	12	**52,777**	50,835
Payments in advance		**235,185**	202,095
Goodwill		**15,318**	15,318
Deferred tax assets		**70,352**	68,334
Total non-current assets		**3,064,380**	2,990,220
CURRENT ASSETS			
Inventories		**161,727**	180,024
Trade and bills receivables	13	**184,040**	109,053
Prepayments, deposits and other receivables	12	**244,485**	68,801
Due from related parties	14	**14,331**	733
Pledged time deposits	15,16 (a)	**450,310**	268,783
Cash and cash equivalents		**1,406,120**	1,649,146
Total current assets		**2,461,013**	2,276,540
CURRENT LIABILITIES			
Trade and bills payables	15	**989,671**	816,558
Other payables and accruals		**281,002**	345,754
Commercial paper liabilities		**150,000**	150,000
Interest-bearing bank and other loans	16	**364,294**	317,283
Due to related parties	14	**10,468**	33,735
Tax payables		**80,787**	112,425
Dividend payable		**1,801**	1,801
Total current liabilities		**1,878,023**	1,777,556
NET CURRENT ASSETS		**582,990**	498,984
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,647,370**	3,489,204
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	16	**77,800**	79,000
Provision for rehabilitation		**8,453**	8,188
Deferred income		**4,000**	4,000
Other payable		**650**	750
Total non-current liabilities		**90,903**	91,938
Net assets		**3,556,467**	3,397,266

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Restated)
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**182,787**	182,787
Reserves		**3,341,383**	3,185,042
		3,524,170	3,367,829
Non-controlling interests		**32,297**	29,437
Total equity		**3,556,467**	3,397,266

Jiang Zhong Ping
Director

Liu Feng
Director

	Attributable to owners of the Company												
	Issued capital	Share premium account	Statutory reserves	Safety fund surplus reserve	Contributed surplus	Share option reserve	Difference arising from changes in non-controlling interests	Capital reserve	Retained earnings	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	182,787	1,876,296	160,603	–	66,654	47,783	(848,406)	–	1,590,839	122,425	3,198,981	21,877	3,220,858
Effect on change in accounting policy	–	–	–	–	–	–	(14,461)	–	(165,383)	–	(179,844)	–	(179,844)
At 1 January 2012 (restated)	182,787	1,876,296	160,603	–	66,654	47,783	(862,867)	–	1,425,456	122,425	3,019,137	21,877	3,041,014
Total comprehensive income for the period (restated)	–	–	–	–	–	–	–	–	217,212	–	217,212	3,095	220,307
Equity-settled share option arrangement	–	–	–	–	–	16,839	–	–	–	–	16,839	–	16,839
Establishment for safety fund surplus reserve	–	–	–	20,074	–	–	–	–	(20,074)	–	–	–	–
Utilisation of safety fund surplus reserve	–	–	–	(1,739)	–	–	–	–	1,739	–	–	–	–
Transfer from/(to) reserves	–	–	17,007	–	–	–	–	–	(17,007)	–	–	–	–
Consideration adjustment in respect of business combination under common control	–	–	–	–	6,136	–	2,995	–	–	–	9,131	–	9,131
Final 2011 dividend declared	–	–	–	–	–	–	–	–	–	(122,425)	(122,425)	–	(122,425)
At 30 June 2012 (Unaudited)	182,787	1,876,296	177,610	18,335	72,790	64,622	(859,872)	–	1,607,326	–	3,139,894	24,972	3,164,866
At 1 January 2013	**182,787**	**1,876,296**	**203,651**	**44,571**	**72,790**	**76,090**	**(845,411)**	**186,200**	**1,720,062**	**–**	**3,517,036**	**29,437**	**3,546,473**
Effect on change in accounting policy	**–**	**–**	**–**	**–**	**–**	**–**	**(14,461)**	**–**	**(134,746)**	**–**	**(149,207)**	**–**	**(149,207)**
At 1 January 2013 (restated)	**182,787**	**1,876,296***	**203,651***	**44,571***	**72,790***	**76,090***	**(859,872)***	**186,200***	**1,585,316***	**–**	**3,367,829**	**29,437**	**3,397,266**
Total comprehensive income for the period (restated)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**125,938**	**–**	**125,938**	**2,860**	**128,798**
Equity-settled share option arrangement	**–**	**–**	**–**	**–**	**–**	**8,903**	**–**	**–**	**–**	**–**	**8,903**	**–**	**8,903**
Establishment for safety fund surplus reserve	**–**	**–**	**–**	**29,665**	**–**	**–**	**–**	**–**	**(29,665)**	**–**	**–**	**–**	**–**
Utilisation of safety fund surplus reserve	**–**	**–**	**–**	**(1,809)**	**–**	**–**	**–**	**–**	**1,809**	**–**	**–**	**–**	**–**
Transfer from/(to) reserves	**–**	**–**	**14,131**	**–**	**–**	**–**	**–**	**–**	**(14,131)**	**–**	**–**	**–**	**–**
Consideration adjustment in respect of business combination under common control (note 21 (a) (vi))	**–**	**–**	**–**	**–**	**14,448**	**–**	**7,052**	**–**	**–**	**–**	**21,500**	**–**	**21,500**
At 30 June 2013 (Unaudited)	**182,787**	**1,876,296***	**217,782***	**72,427***	**87,238***	**84,993***	**(852,820)***	**186,200***	**1,669,267***	**–**	**3,524,170**	**32,297**	**3,556,467**

* These reserve accounts comprise the consolidated reserves of RMB3,341,383,000 (31 December 2012 (Restated): RMB3,185,042,000) in the consolidated statement of financial position.

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Net cash flows from operating activities	**72,059**	549,337
Net cash flows used in investing activities	**(311,804)**	(290,530)
Net cash flows from/(used in) financing activities	**47,012**	(134,294)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(192,733)**	124,513
Cash and cash equivalents at beginning of period	**375,346**	196,830
Effect of foreign exchange rate changes, net	**(293)**	22
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**182,320**	321,365
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**182,320**	321,365
Non-pledged time deposits	**1,223,800**	700,000
Cash and cash equivalents as stated in the consolidated statement of financial position	**1,406,120**	1,021,365
Time deposits with original maturity of more than three months	**(1,223,800)**	(700,000)
	182,320	321,365

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 Reporting Period, the Group were principally engaged in the business of mining, ore processing, iron pelletising, sale of vanadium-bearing iron concentrates, ordinary iron concentrates, iron pellets and titanium concentrates, and management of strategic investments. There were no significant changes in the nature of the Group's principal activities during the 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 2012.

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 2012, except for the adoption of new 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 July 2012 and 1 January 2013. Further information about those new IFRSs that are applicable to the Group is described as follows:

IFRS 10 Consolidated Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by IFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in IAS 27 and SIC 12 *Consolidation – Special Purpose Entities*. IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC 12. As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption of IFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

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

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

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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (continued)

The effect of the application of IFRIC 20 on the consolidated balance sheet at 1 January 2012 and 31 December 2012 are as follows:

	Advanced stripping fees RMB'000	Deferred tax assets RMB'000	Reserves RMB'000
At 1 January 2012 as previously reported	241,415	3,986	2,893,769
Adjustment on adoption of IFRIC 20	(241,415)	59,948	(179,844)
Balance at 1 January 2012 as restated	–	63,934	2,713,925
At 31 December 2012 as previously reported	206,736	18,597	3,334,249
Adjustment on adoption of IFRIC 20	(206,736)	49,736	(149,207)
Balance at 31 December 2012 as restated	–	68,333	3,185,042

The effects on the consolidated income statement for the year ended 31 December 2012 and for the six months ended 30 June 2012 are as follows:

	Decrease in cost of sales RMB'000	Increase in income taxes RMB'000	Increase in profit for the period/year RMB'000
For the period ended 30 June 2012	26,846	(6,712)	20,134
For the year ended 31 December 2012	40,850	(10,212)	30,638

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, iron pellets and 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			
	2013		2012	
	RMB'000 (Unaudited)	**%**	RMB'000 (Unaudited)	%
Vanadium-bearing iron concentrates	**660,970**	**79.0**	330,394	42.7
Ordinary iron concentrates	**39,504**	**4.7**	25,714	3.3
Iron pellets	**32,627**	**3.9**	323,970	41.8
Medium-grade titanium concentrates	**–**	**–**	477	0.1
High-grade titanium concentrates	**103,571**	**12.4**	93,331	12.1
	836,672	**100.0**	773,886	100.0

Geographical information

All external revenues of the Group during each of the six months ended 30 June 2013 and 2012 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	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Customer A	**180,927**	177,293
Customer B	**146,281**	126,425
Customer C	**126,728**	133,691
Customer D	**119,024**	80,886
Customer E	**96,599**	135,592

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	**25,156**	13,252
Sale of raw materials	**2,095**	334
Iron pellets processing fee	**3,239**	–
Government grant*	**300**	–
Foreign exchange gains, net	**1,767**	–
Fair value gains on financial assets at fair value through profit or loss (note 11)	**13,857**	8,110
Miscellaneous	**63**	94
Total other income and gains	**46,477**	21,790

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other loans wholly repayable within five years	**10,035**	12,938
Interest on short term commercial paper	**4,310**	–
Interest on discounted bills receivable (note 13)	**36,534**	4,313
Unwinding of discount on provision	**265**	256
	51,144	17,507
Less: Interest capitalised to property, plant and equipment (note 9(a))	**(276)**	(347)
	50,868	17,160
Foreign exchange losses, net	**–**	356
Others	**1,214**	287
	52,082	17,803
Interest rates of borrowing costs capitalised	**7.04%**	7.32%

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Cost of inventories sold	**509,117**	409,035
Employee benefit expense (including Directors' remuneration)*	**89,346**	94,796
Depreciation and amortisation expenses (note 9)	**77,719**	66,352
Minimum lease payments under operating leases:		
– Land	**27**	27
– Office	**930**	656
Auditors' remuneration	**1,250**	1,100
Foreign exchange losses/(gains), net	**(1,767)**	356
Reversal of write-down of inventories to net realisable value	**–**	(24)
Amortisation of prepaid technical service fee (note 12(b))	**2,067**	2,067
Fair value gains on financial assets at fair value through profit or loss (note 11)	**(13,857)**	(8,110)

* Total employee benefit expense for the Reporting Period includes equity-settled share option expense of RMB8,903,000 (six months ended 30 June 2012: RMB16,839,000).

7. INCOME TAX

		For the six months ended 30 June	
		2013	2012
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
			(Restated)
Current – Mainland China			
Charged for the period	(a)	**54,243**	86,978
Underprovision in prior year	(b)	**17,361**	–
Deferred		**(2,020)**	(4,406)
Total tax charge for the period		**69,584**	82,572

Notes:

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

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

7. INCOME TAX (continued)

Notes: (continued)

(c) The share of tax attributable to jointly-controlled entities amounting to RMB557,000 (six months ended 30 June 2012: RMB705,000) is included in "Share of profits and losses of jointly-controlled entities" in the profit or loss.

(d) Pursuant to the resolution dated 7 July 2013 of the board of directors of the operating subsidiary in Mainland China, Huili Caitong, the net profit of Huili Caitong for the Reporting Period, after appropriations to the statuary reserve fund, would be used for business development of Huili Caitong and would not be distributed to its Shareholders. As a result, no deferred tax liabilities relating to withholding tax on the distributable profits of Huili Caitong for the Reporting Period have been recorded.

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

The calculation of earnings per Share is based on the profit attributable to owners of the Company for the Reporting Period of RMB125,938,000 (six months ended 30 June 2012: RMB217,212,000), and the weighted average number of ordinary Shares of 2,075,000,000 (six months ended 30 June 2012: 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 2012 and 2013 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 2012 and 2013.

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))	**Intangible assets RMB'000 (Unaudited)** (Restated)	**Prepaid land lease payments RMB'000 (Unaudited)**
Carrying amount at 1 January 2013	**1,778,789**	**574,095**	**49,451**
Additions	**67,022**	**44,415**	**–**
Depreciation/amortisation charged for the period (note 6)	**(68,013)**	**(20,757)**	**(576)**
Carrying amount at 30 June 2013	**1,777,798**	**597,753**	**48,875**

Notes:

(a) Additions to property, plant and machinery during the Reporting Period include interest capitalised in respect of bank loans amounting to RMB276,000 (six months ended 30 June 2012: RMB347,000).

(b) As at 30 June 2013, the Group was in the process of obtaining the relevant building ownership certificates ("BOCs") for certain buildings with an aggregate net carrying amount of RMB5,581,000 (31 December 2012: RMB5,736,000). The Group's buildings can be sold, transferred or mortgaged when the relevant BOCs have been obtained.

10. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 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*	**2,923**	1,342
– Weichuan Mining	**(780)**	(361)
	2,143	981
Share of net assets	**13,193**	12,031

* Included in the share of profits of Sichuan Xinglian was unrealised profit attributable to the Group of RMB2,962,000 (six months ended 30 June 2012: Nil) arising from the mining consultancy services rendered to the Group by Sichuan Xinglian during the Reporting Period.

Particulars of the Company's jointly-controlled entities ("JCEs") are as follows:

Name	Paid-up capital	Place of incorporation	Percentage of ownership interest
Sichuan Xinglian	RMB1,000,000	PRC	55%
Weichuan Mining	RMB20,500,000	PRC	51%

In the opinion of the Directors, according to the articles of association of the above JCEs, neither the Group nor the other shareholders has the controlling power over these JCEs, exposure or rights to variable returns from their involvement with the JCEs and the ability to use their power to affect the amount of those returns. Accordingly, investments in these JCEs are accounted for as investments in jointly-controlled entities.

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 2012 and 2013 are as follows:

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Carrying amount at 1 January	**239,272**	207,942
Fair value gains on financial assets at fair value through profit or loss recognised during the period*	**13,857**	8,110
Carrying amount at 30 June	**253,129**	216,052

* 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 RMB1,659,000 during the Reporting Period (six months ended 30 June 2012: RMB1,583,000).

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 2013	31 December 2012
Valuation of liability component		
Risk-free interest rate (Indonesia) (% per annum)	**2.59**	1.57
Credit spread (%)	**20.8**	21.09
Valuation of embedded derivatives		
Current market capitalisation (USD in millions)	**396**	469
Coupon rate (% per annum)	**–**	–
Dividend yield (% per annum)	**–**	–
Equity return volatility (% per annum)	**36.42**	34.58
Probability of Initial Public Offering (% per month for each Lattice step)	**6.5**	6
Maturity date	**11/25/2014**	11/25/2014
Lattice step	**17**	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.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

	For the six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Carrying amount at 1 January	**5,996**	9,237
Amortised to profit or loss during the period	**(1,659)**	(1,583)
Carrying amount at 30 June	**4,337**	7,654

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**30 June 2013 RMB'000 (Unaudited)**	31 December 2012 RMB'000 (Restated)
Current portion:			
Prepayments consist of:			
Prepaid stripping fees		**31,657**	–
Prepaid technical service fee	(a)	**4,133**	4,133
Purchase of raw materials and services		**4,450**	3,016
Purchase of ordinary iron concentrates	(b)	**140,000**	–
Utilities		**6,353**	6,764
Prepayment for the use right of a road	(c)	**35**	35
Other prepayments		**3,966**	2,286
Deposits	(d)	**27,000**	27,000
Interest receivable for time deposits with original maturity of over three months		**10,142**	10,039
Other receivables from third party independent processing contractors		**2,240**	9,467
Other receivables from third party independent construction contractors	(e)	**10,936**	–
Compensation receivable		**–**	2,452
Other receivables		**3,573**	3,609
		244,485	68,801
Non-current portion:			
Prepaid technical service fee	(a)	**43,400**	45,467
Prepayment for the use right of a road	(c)	**903**	919
Compensation receivable		**2,452**	–
Long-term environmental rehabilitation deposits	(f)	**6,022**	4,449
		52,777	50,835
		297,262	119,636

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes:

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

During the Reporting Period, the prepaid technical service fee released to profit or loss amounted to RMB2,067,000 (six months ended 30 June 2012: RMB2,067,000).

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

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

(d) The balance as at 30 June 2013 represented the deposits paid in respect of cultivated land compensation. The balance as at 31 December 2012 represented the biding deposit paid for the biding of an exploration right for a nickel and cobalt mine, which was refunded to the Group in March 2013 as the Group did not succeed in the bidding.

(e) The balance represented overpaid construction costs to an independent third party, in relation to the improvement of the production lines at Xiushuihe Mine, which has been subsequently refunded to the Group in August 2013 when the final settlement statement is issued.

(f) The long-term deposits represented environmental deposits made to the government in respect of the Group's rehabilitation obligations for the closure of mines and are not expected to be refunded within twelve months from 30 June 2013.

13. TRADE AND BILLS RECEIVABLES

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Trade receivables	**161,530**	109,053
Bills receivable	**22,510**	–
	184,040	109,053

The Group's trading terms with its customers are mainly on credit and the credit term granted to customers is generally one month. Trade receivables are non-interest-bearing and unsecured.

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

As at 30 June 2013, the Group endorsed certain bills receivable accepted by banks in the PRC to certain of its suppliers in order to settle the trade payables to these suppliers with a carrying amount in aggregate of RMB705,534,000 (31 December 2012: RMB346,797,000); furthermore, as at 30 June 2013 the Group discounted certain bills receivable accepted by banks in the PRC, with a carrying amount in aggregate of RMB853,290,000 (31 December 2012: RMB245,666,000) (collectively referred to as the "Derecognised Bills"). The Derecognised Bills have a maturity from three to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equal to their 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 RMB36,534,000 (six months ended 30 June 2012: RMB4,313,000) (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

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Due from related parties:			
Trade in nature:			
– Chengyu Vanadium Titano Technology Ltd. ("Chengyu Vanadium Titano")	(a)	**13,731**	–
Non-trade in nature:			
– Yanyuan County Xiwei Mining Co., Ltd. ("Yanyuan Xiwei")	(b)	**286**	286
– Sichuan Xinglian		**–**	133
– Trisonic International	(c)	**314**	314
		600	733
		14,331	733
Due to related parties:			
Non-trade in nature:			
– Sichuan Tongyu Logistics Co., Ltd. ("Tongyu Logistics")	(d)	**348**	–
– Sichuan Longwei Hotel Management Co., Ltd. ("Longwei Hotel")	(e)	**582**	519
– Chengyu Vanadium Titano	(a)	**1**	60
– Chuan Wei	(f)	**3,457**	30,104
– Sichuan Xinglian	(g)	**5,668**	2,640
– Sichuan Huiyuan Gang Jian Technology Co., Ltd. ("Sichuan Huiyuan")	(h)	**412**	412
		10,468	33,735

14. BALANCES WITH RELATED PARTIES (continued)

Notes:

(a) Chengyu Vanadium Titano is controlled by Prime Empire Limited. Prime Empire Limited and Trisonic International are ultimately controlled by the same beneficial owners.

The balance due from Chengyu Vanadium Titano as at 30 June 2013 represented trade receivable derived from sales of vanadium-bearing iron concentrates to Chengyu Vanadium Titano. Balance due to Chengyu Vanadium represented miscellaneous expenses paid by Chengyu Vanadium on behalf of the Group.

(b) Yanyuan Xiwei is a company controlled by Chuan Wei and was a subsidiary of Aba Mining, an indirect subsidiary of the Company, before it was disposed of by Aba Mining in September 2010. The balance represented certain payments made by Aba Mining on behalf of Yanyuan Xiwei when Yanyuan Xiwei was a subsidiary of Aba Mining.

(c) The balance due from Trisonic International represented the overpayment of listing fees made by the Company to settle the listing expenses paid by Trisonic International on behalf of the Company in 2009.

(d) Tongyu Logistics and Trisonic International are ultimately controlled by the same beneficial owners. The balance due to Tongyu Logistics represented transportation expenses incurred in relation to sales of iron pellets by the Group during the Reporting Period.

(e) Longwei Hotel and Trisonic International are ultimately controlled by the same beneficial owners. Balances due to Longwei Hotel represented rental payable to Longwei Hotel for the operating leasing of office premises by the Group.

(f) Chuan Wei and Trisonic International are ultimately controlled by the same beneficial owners. The balance due to Chuan Wei as at the end of the reporting period can be further analysed as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Payable in respect of acquisition of Aba Mining	**1,333**	30,000
Others	**2,124**	104
	3,457	30,104

(g) Sichuan Xinglian is a jointly-controlled entity of the Group. Balances represented mining service fee payable by the Group to Sichuan Xinglian.

(h) Sichuan Huiyuan is a company controlled by Chuan Wei. The balance due to Sichuan Huiyuan represented design fee payable for the provision of construction service to the Group by Sichuan Huiyuan.

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 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Trade payables	**332,339**	423,283
Bills payable	**657,332**	393,275
	989,671	816,558

An aged analysis of the trade payables and bills payable as at 30 June 2013 and 31 December 2012, based on the invoice date or issuance date, is as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Within 180 days	**865,679**	666,244
181 to 365 days	**63,552**	76,114
1 to 2 years	**53,880**	64,616
2 to 3 years	**5,938**	9,059
Over 3 years	**622**	525
	989,671	816,558

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 days or 180 days.

As at 30 June 2013, the Group's bills payable of RMB657,332,000 (31 December 2012: RMB393,275,000) were secured by pledged time deposits of RMB300,310,000 (31 December 2012: RMB168,783,000).

16. INTEREST-BEARING BANK AND OTHER LOANS

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Bank loans:			
Secured	(a)	**140,094**	94,283
Unsecured	(b)	**280,000**	250,000
Guaranteed	(c)	**18,000**	48,000
Other loans, unsecured	(d)	**4,000**	4,000
		442,094	396,283
Bank loans repayable:			
Within one year or on demand		**363,094**	317,283
In the second year		**25,000**	25,000
In the third to fifth years, inclusive		**50,000**	50,000
		438,094	392,283
Other loans repayable:			
Within one year or on demand		**1,200**	–
In the second year		**2,000**	3,200
In the third to fifth years, inclusive		**800**	800
		4,000	4,000
Total bank and other loans		**442,094**	396,283
Balances classified as current liabilities		**(364,294)**	(317,283)
Balances classified as non-current liabilities		**77,800**	79,000

16. INTEREST-BEARING BANK AND OTHER LOANS (continued)

Notes:

(a) As at 30 June 2013, the bank loans were secured by the pledge of time deposits of RMB150,000,000 (31 December 2012: RMB100,000,000) by the Group. Bank loans of RMB92,680,000 bear interest at the rate of 1.5% per annum above the prevailing Cost of Funds (31 December 2012: 2% per annum over the prevailing LIBOR). The remaining bank loans of RMB47,414,000 granted by LMB to the Group on 24 April 2013 bear interest at the rate of 1.45% per annum over LIBOR (31 December 2012: Not applicable).

(b) As at 30 June 2013, Huili Caitong had unsecured interest-bearing bank loans of RMB250,000,000 (31 December 2012: RMB250,000,000) from CCB Xichang branch at fixed rates ranging from 6.0% to 7.05% (31 December 2012: 5.81% to 7.05%) per annum. In accordance with the bank loan agreements entered into between Huili Caitong and CCB Xichang Branch, Huili Caitong agreed not to mortgage or pledge Huili Caitong's mining rights to Baicao Mine and the iron concentrates production line with annual production capacity of 500,000 tonnes to any other parties, and CCB Xichang Branch will be entitled to a pre-emption right in the event of such mortgage or pledge.

As at 30 June 2013, Aba Mining had one-year interest-bearing bank loans from CCB Aba branch of RMB30,000,000 (31 December 2012: not applicable), bearing interest at a fixed rate of 6.6% per annum. In accordance with the bank loan agreements entered into between Aba Mining and CCB Aba branch, Aba Mining agreed not to mortgage or pledge Aba Mining's mining rights to any other parties, and CCB Aba branch will be entitled to a pre-emption right in the event of such mortgage or pledge.

(c) As at 30 June 2013, Aba Mining had long-term interest-bearing bank loans from CCB Aba branch of RMB18,000,000 (31 December 2012: RMB48,000,000), bearing interest at a fixed rate of 7.04% (31 December 2012: 6.94% to 7.32%) per annum which are due for repayment within one year. These long-term bank loans from CCB Aba branch were jointly guaranteed by Chengyu Vanadium Titano and Chuan Wei for nil consideration (note 21 (a) (iii)).

(d) Other loans represented interest-bearing loans granted by Wenchuan County State Assets Investment Co., Ltd. to Aba Mining for the reconstruction of production plants affected by the earthquake in May 2008. Other loans are unsecured and bear interest at the fixed rate of 5.76% per annum (31 December 2012: 5.76%), of which RMB1,200,000, RMB2,000,000 and RMB800,000 are due for repayment in January 2014, November 2014 and July 2015, respectively.

17. SHARE OPTION SCHEMES

On 4 September 2009, the Company adopted 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 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 who the Board of Directors 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. Please refer to 2012 Annual Report of the Company for details.

The Group had share options outstanding in respect of 56,900,000 shares as at 30 June 2013 (31 December 2012: 56,900,000 shares), and the weighted average exercise price was HK$4.34 per Share (31 December 2012: HK$4.34 per Share). During the Reporting Period, no options were granted or exercised.

17. SHARE OPTION SCHEMES (continued)

The exercise price and exercise period of the share options outstanding as at 30 June 2013 and 31 December 2012 are as follows:

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

The Group has 42,100,000 share options exercisable as at 30 June 2013 (31 December 2012: 14,800,000 share options), and the weighted average exercise price was HK$4.10 per Share (31 December 2012: HK$5.03 per Share).

The fair value of equity-settled share options granted was estimated as at the date of grant, using a binomial model, taking into accounts 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		
	23 May 2011	1 April 2010	29 December 2009
Dividend yield (%)	2.07	1.36	1.41
Expected volatility (%)	62.40	66.40	68.56
Risk-free interest rate (%)	2.430	2.788	2.652

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

As at 30 June 2013, the Company had 29,600,000 share options outstanding under the Old Option Scheme and 27,300,000 share options outstanding under the New Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 56,900,000 additional Shares of the Company and additional share capital of HK$5,690,000 and share premium of HK$241,506,000 (before issue expenses).

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

18. DIVIDENDS

At a meeting of the Board of Directors held on 26 August 2013, the Directors resolved not to pay an interim dividend to Shareholders (six months ended 30 June 2012: Nil).

19. OPERATING LEASE ARRANGEMENTS

As lessee

The Group entered into commercial leases on certain office buildings based on the reason that it is not in the best interest of the Group to purchase these assets. These leases have an average life of one to five years.

As the end of each reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Within one year	**1,804**	1,809
In the second to fifth years, inclusive	**2,008**	2,509
	3,812	4,318

20. COMMITMENTS

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Contracted, but not provided for:		
– Acquisition of a subsidiary	**400,000**	400,000
– Investment in a jointly-controlled entity	**40,500**	40,500
– Plant and machinery	**11,709**	18,220
– Exploration and evaluation assets	**12,456**	12,110
	464,665	470,830
Authorised, but not contracted for:		
– Plant and machinery	**31,198**	32,774
– Exploration and evaluation assets	**78,140**	83,684
	109,338	116,458
Total capital commitments	**574,003**	587,288

21. RELATED PARTY TRANSACTIONS

(a) During the Reporting Period, the Group had the following material transactions with related parties:

Name of related parties	Notes	For the six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Recurring transactions			
Sale of goods			
Chengyu Vanadium Titano	(i)	**63,404**	59,375
Office rental			
Longwei Hotel	(ii)	**79**	66
Non-recurring transactions			
Bank loans jointly guaranteed by related parties			
Chuan Wei and Chengyu Vanadium Titano	(iii)	**18,000**	49,000
Mineral exploration and evaluation services			
Sichuan Xinglian	(iv)	**10,155**	–
Transportation services			
Tongyu Logistics	(v)	**348**	–
Acquisition of Aba Mining			
Chuan Wei	(vi)	**(28,670)**	(9,131)

Notes:

(i) The Directors consider that the sales to Chengyu Vanadium Titano were undertaken on commercial terms similar to those offered to unrelated customers in the ordinary course of business.

(ii) The Directors consider that the office rental expenses paid by the Group to Longwei Hotel was determined under the tenancy agreement are based on the market rate for similar premises in similar location.

(iii) The bank loans were jointly guaranteed by related parties for nil consideration.

(iv) The Directors consider that the mineral exploration and evaluation services provided for the Group were undertaken on commercial terms similar to those offered to independent third parties in the ordinary course of business.

(v) The Directors consider that the amount paid by the Group to Tongyu Logistics was determined based on the market price similarly to those paid to independent third parties in the ordinary course of business.

21. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes: (continued)

(vi) According to Aba Mining Acquisition Agreement, Chuan Wei is obliged to reimburse to the Group any amount representing the shortfall between the Agreed Net Profits and the audited net profits.

Pursuant to the audited financial statement of Aba Mining for the year ended 31 December 2012, the audited net profit (after taxation and extraordinary items) attributable to equity holders of Aba Mining in 2012 was approximately RMB11,333,000 and the shortfall to the Agreed Net Profits with shortage of RMB28,670,000. On 7 May 2013, the Group and Chuan Wei entered into a supplemental agreement, pursuant to which the consideration balance payable to Chuan Wei as at 31 December 2012 of RMB30,000,000 has been reduced by the Net Profits Difference to RMB1,330,000. Accordingly, the adjusted total consideration for the Aba Mining Acquisition of RMB140,870,000 has been further reduced by the Net Profits Difference to approximately RMB112,200,000. The Net Profit Difference after tax impact of RMB21,500,000 has been accounted for in equity during the Reporting Period.

(b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	**374**	376
Basic salaries and other benefits	**2,191**	2,384
Equity-settled share option expense	**7,602**	14,328
Pension scheme contributions	**96**	86
Total compensation paid to key management personnel	**10,263**	17,174

22. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group entered into set-off arrangements in respect of its balances of trade receivables and trade payables as at 30 June 2013 (31 December 2012: Not applicable). The agreement provided the Group conditional rights to set off that are enforceable and exercisable only in the event of default which is set out as follows:

	Gross amount of recognised financial assets	**Gross amount of recognised financial liabilities set off in the statement of financial position**	**Net amounts of financial assets presented in the statement of financial position**
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Trade receivables	209,512	(47,982)	161,530
Trade payables	(1,037,653)	47,982	(989,671)

23. EVENTS AFTER THE REPORTING PERIOD

On 11 July 2013, the Company announced that based on the results of the preliminary survey conducted by Sichuan Geochemistry Exploration Team, there may exist economically mineable niobium and tantalum ore resources at the Baicao Mine. To better preserve these resources, the Board of Directors decided to adjust the Group's normal mining operation after acceptance of the recommendations given by the Sichuan Geochemistry Exploration Team. The mining operation at the Baicao Mine has to be affected for a period of not more than 11 months, beginning from July 2013, thus the production of the vanadium-bearing iron ore at the Baicao Mine will be significantly reduced. The Board of Directors expected that the production volume of the Group's vanadium-bearing iron concentrates for the second half of 2013 and the first half of 2014 will be reduced by not more than 300,000 tonnes and 250,000 tonnes, respectively. As such, the revenue and profits of the Group for the second half of 2013 and the first half of 2014 will be substantially reduced, as compared to those for the corresponding periods in 2012 and 2013, respectively.

On 20 August 2013, the Group has disposed the Old Iron Pelletising Plant for a sum of RMB28,266,000 to an independent third party, which was mainly because the repairs and maintenance cost for the Old Iron Pelletising Plant was constantly increasing over the years while the Group expected that the New Iron Pelletising Plant will be able to meet the customers' needs. The net carrying amount of the Old Iron Pelletising Plant as at 20 August 2013 was RMB32,563,000. The Group will recognise losses on disposal of items of property, plant and equipment amounting to RMB4,297,000 for the year ending 31 December 2013.

24. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the Board of Directors on 26 August 2013.

"2010 AGM"	the Shareholders' annual general meeting held on 15 April 2010
"Aba Mining"	Aba Mining Co., Ltd.*(阿壩礦業有限公司), a limited liability company established in the PRC on 27 February 2004 and an indirect wholly-owned subsidiary of the Company
"Aba Mining Acquisition Agreement"	the equity interest transfer agreement dated 15 November 2010 entered into between Lingyu (as transferee) and Chuan Wei (as transferor) under which the entire equity interest in Aba Mining is being transferred
"Aba Prefecture"	阿壩藏族羌族自治州, Aba Tibetan and Qiang Autonomous Prefecture
"Agreed Net Profits"	the audited net profits (after taxation and extraordinary items) attributable to the equity holders of Aba Mining in accordance with the PRC general accepted accounting standards for the year ended 31 December 2012 which would be at least RMB40.0 million
"Baicao Mine"	白草鐵礦, the vanadium-bearing titano-magnetite mine located in Xiaoheiqing Townlet, Huili County, Sichuan and operated by Huili Caitong, with a mining area of 1.88 sq.km.
"Baicao Processing Plant"	the ore processing plant located at the Baicao Mine and operated by Huili Caitong
"Board"	our board of Directors
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, 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 2.30 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 report, refers to Trisonic International, Kingston Grand, Messrs. Wang Jin, Shi Yinjun, Yang Xianlu, Wu Wendong, Zhang Yuangui and Li Hesheng

"Cost of Funds"	any period the rate payable by the bank for the cost of borrowing in the currency of the relevant credit facility for such period in respect of the relevant amount
"Dashanshu Section"	the Dashanshu section*（大杉樹礦段）of the Pingchuan Mine which has an exploration area of approximately 5 sq.km. within the exploration area set out in the exploration permit of the Pingchuan Mine
"Director(s)"	director(s) of the Company or any one of them
"EGM"	an extraordinary general meeting of the Company convened immediately following the close of the court meeting for the privatisation
"Exchangeable Note(s)"	the exchangeable note(s) in the principal amount due in 2014 issued by the Issuer in accordance with the Secured Exchangeable Note Purchase Agreement with its terms and conditions set out in the Note Certificate
"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 is 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
"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
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition), as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy and used to determine resources and reserves, as amended from time to time
"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 to be issued by the Geological Agent
"mining right(s)"	the right(s) to mine mineral resources and obtain mineral products in areas where mining activities are licensed
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
"Mt"	million tonnes
"Net Profit Margin"	a ratio of profitability calculated as the profit and total comprehensive income attributable to owners of the Company divided by revenue
"New Iron Pelletising Plant"	the plant that produces iron pellets and is located in Ailang Townlet, Huili County, Sichuan, which is approximately 5.5 km from the Xiushuihe Mine
"Note Certificate"	the note certificate of the Exchangeable Notes with the terms and conditions of the Exchangeable Notes set out therein
"Old Iron Pelletising Plant"	the plant that produces iron pellets and is located approximately 36 km from the Xiushuihe Mine
"ore processing"	the process which in general refers to the extraction of usable portions of ores by using physical and chemical extraction methods
"Panxi Region"	a region in Sichuan located at southwest of Chengdu reaching from Panzhihua to Xichang
"Panzhihua Yixingda"	Panzhihua Yixingda Industrial Trading Co., Ltd.*（攀枝花易興達工貿有限責任公司）, a limited liability company registered in the PRC on 9 July 2009
"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
"Privatisation Scheme"	the proposed scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Law for the implementation of the Proposal, with or subject to any modification, addition or condition approved or imposed by the Grand Court of the Cayman Islands and agreed to by the Company

"Proposal"	the proposed privatisation of the Company to be effected by way of the Privatisation Scheme by Keen Talent Holdings Limited, a company incorporated in Hong Kong, being a wholly-owned subsidiary of Trisonic International
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the six months ended 30 June 2013
"Sapphire"	Sapphire Corporation Limited, a company listed on the Singapore Exchange Limited (Ticker Symbol: NF1.SI)
"Scheme Document"	this composite document, including each of the letters, statements, appendices and notices in it
"Scheme Shareholders"	the Shareholders other than Trisonic International
"Scheme Shares"	the Shares held by the Scheme Shareholders
"Secured Exchangeable Note Purchase Agreement"	the secured exchangeable note purchase agreement dated 2 May 2011 entered into between the Group and the Issuer pursuant to which the Issuer has conditionally agreed to issue and the Group has conditionally agreed to subscribe the Exchangeable Note on the terms and subject to the conditions set out therein
"Sellers"	Collectively, Sichuan Haokun Trading Co., Ltd.*（四川省昊坤貿易有限公司）, Sichuan Haihuitian Trading Co., Ltd.*（四川省海匯天貿易有限公司）, Chengdu Jiashide Trading Co., Ltd.*（成都佳仕德貿易有限公司）and Chongqing Xinzhou Metallic Material Co., Ltd.*（重慶鑫宙金屬材料有限公司）
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of HK$0.1 each
"Shareholder(s)"	holder(s) of the Share(s)
"Sichuan"	the Sichuan province of the PRC
"sq.km."	square kilometres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"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 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.
"Yuechuan Mining"	Liangshan Yuechuan Mining Co., Ltd.*（涼山州悅川礦業有限責任公司）, established in the PRC on 8 July 2010

* For identification purpose only