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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00893)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

– The Group's revenue amounted to approximately RMB649.1 million for the year ended 31 December 2014, representing a decrease of RMB780.8 million or 54.6% as compared to approximately RMB1,429.9 million for the year ended 31 December 2013.

– The loss and total comprehensive loss attributable to owners of the Company for the year ended 31 December 2014 was approximately RMB366.4 million and the profit and total comprehensive income attributable to the owners of the Company for the year ended 31 December 2013 was approximately RMB179.1 million.

– The basic and diluted loss per Share attributable to ordinary equity holders of the Company amounted to approximately RMB0.18 for the year ended 31 December 2014 and the basic and diluted earnings per Share attributable to ordinary equity holders of the Company amounted to approximately RMB0.09 for the year ended 31 December 2013.

– The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: HK$0.022 per Share).

The Board hereby announces the audited consolidated results of the Company for the year ended 31 December 2014 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	**2014** **RMB'000**	2013 RMB'000
REVENUE	3	**649,094**	1,429,875
Cost of sales		**(661,920)**	(925,372)
Gross profit/(loss)		**(12,826)**	504,503
Other income and gains	4	**66,912**	100,268
Selling and distribution expenses		**(35,208)**	(50,665)
Administrative expenses		**(193,501)**	(152,575)
Other expenses		**(14,398)**	(38,094)
Impairment loss on property, plant and equipment		**(166,947)**	–
Impairment loss on trade receivables	11	**(82,125)**	–
Finance costs	5	**(62,176)**	(98,613)
Share of profits and losses of joint ventures		**(308)**	1,352
PROFIT/(LOSS) BEFORE TAX	6	**(500,577)**	266,176
Income tax credit/(expense)	7	**133,155**	(83,704)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(367,422)**	182,472
Attributable to:			
Owners of the Company		**(366,381)**	179,135
Non-controlling interests		**(1,041)**	3,337
		(367,422)	182,472
Earnings/(loss) per Share attributable to ordinary equity holders of the Company:			
Basic and diluted	8	**RMB(0.18)**	RMB0.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,525,517**	1,745,221
Intangible assets		**628,107**	586,402
Prepaid land lease payments		**42,282**	43,388
Investments in joint ventures		**–**	3,390
Financial assets at fair value through profit or loss		**–**	275,310
Prepayments and deposits	*9*	**44,046**	50,681
Payments in advance	*10*	**633,186**	200,577
Goodwill		**15,318**	15,318
Deferred tax assets		**143,134**	75,987
Total non-current assets		**3,031,590**	2,996,274
CURRENT ASSETS			
Inventories		**154,901**	141,663
Trade and bills receivables	*11*	**533,426**	385,339
Prepayments, deposits and other receivables	*9*	**122,724**	234,775
Investment in a joint venture		**–**	9,993
Financial assets at fair value through profit or loss		**290,171**	–
Due from related parties		**–**	600
Pledged time deposits		**200,618**	441,853
Cash and cash equivalents		**530,623**	1,295,018
Total current assets		**1,832,463**	2,509,241
CURRENT LIABILITIES			
Trade and bills payables	*12*	**302,057**	944,490
Other payables and accruals	*13*	**313,087**	293,156
Commercial paper liabilities	*14*	**–**	150,000
Interest-bearing bank and other loans	*15*	**975,042**	362,439
Due to related parties		**5,245**	8,514
Tax payable		**4,245**	66,950
Dividend payable		**1,801**	1,801
Total current liabilities		**1,601,477**	1,827,350
NET CURRENT ASSETS		**230,986**	681,891
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,262,576**	3,678,165
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	*15*	**25,000**	50,800
Provision for rehabilitation		**9,347**	8,748
Deferred income		**–**	4,000
Other payables	*13*	**701**	650
Total non-current liabilities		**35,048**	64,198
Net assets		**3,227,528**	3,613,967

	Notes	**2014**	2013
		RMB'000	*RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*16*	**182,787**	182,787
Reserves	*18*	**3,013,008**	3,362,363
Proposed final dividend	*19*	**–**	36,043
		3,195,795	3,581,193
Non-controlling interests		**31,733**	32,774
Total equity		**3,227,528**	3,613,967

NOTES TO FINANCIAL STATEMENTS

31 December 2014

1. CORPORATE INFORMATION

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

During the year ended 31 December 2014, the Group were principally engaged in the business of mining, ore processing, iron pelletising, sale of vanadium-bearing iron concentrates, ordinary iron concentrates, iron pellets and titanium concentrates and management of strategic investments. There were no significant changes in the nature of the Group's principal activities during the year.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs, which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB") and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 10, IFRS 12 and IAS 27	*Investment Entities*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC 21	*Levies*
Amendment to IFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to IFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]

[1] *Effective from 1 July 2014*

Other than explained below regarding the impact of amendments to IAS 32 and IAS 36, the adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment has had no impact on the Group as there is a legally enforceable right to set off the Group's financial assets and financial liabilities.

The IAS 36 Amendments remove the unintended disclosure requirement made by IFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal.

2.3 NEW AND REVISED IFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

IFRS 9	*Financial Instruments*[4]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 1	*Disclosure Initiative*[2]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[2]
Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[2]

[1] *Effective for annual periods beginning on or after 1 July 2014*
[2] *Effective for annual periods beginning on or after 1 January 2016*
[3] *Effective for annual periods beginning on or after 1 January 2017*
[4] *Effective for annual periods beginning on or after 1 January 2018*
[5] *Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group*

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group expects that the adoption of IFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. The Group expects to adopt IFRS 15 on 1 January 2017 and is currently assessing the impact of IFRS 15 upon adoption.

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

3. REVENUE AND OPERATING SEGMENT INFORMATION

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

The Group's revenue and contribution to profit are mainly derived from its sale of vanadium-bearing iron concentrates, ordinary iron concentrates, iron pellets, medium-grade titanium concentrates and high-grade titanium concentrates, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource 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 year:

	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
Self-produced iron products:				
Vanadium-bearing iron concentrates	**335,518**	**51.7**	1,102,796	77.1
Ordinary iron concentrates	**78,874**	**12.2**	56,538	4.0
Iron pellets	**–**	**–**	32,627	2.3
Medium-grade titanium concentrates	**769**	**0.1**	–	–
High-grade titanium concentrates	**12,324**	**1.9**	140,008	9.8
Trading of iron products	**221,609**	**34.1**	97,906	6.8
	649,094	**100.0**	1,429,875	100.0

Geographical information

All external revenue of the Group during each of the two years ended 31 December 2014 and 2013 was attributable to customers located in the PRC, the place of domicile of the Group's operating entities. The Group's non-current assets are all located in the PRC.

Information about major customers

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

	2014	2013
	RMB'000	*RMB'000*
Customer A	**187,968**	335,608
Customer B	**–**	247,249
Customer C	**83,811**	212,480
Customer D	*****	215,658
Customer E	*****	209,455
Customer F	**81,607**	–

* *Less than 10%*

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2014	2013
	RMB'000	*RMB'000*
Bank interest income	**32,218**	56,037
Sale of raw materials	**421**	2,368
Government grants*	**17,613**	674
Gain on the disposal of a prepaid land lease payment	**–**	55
Fair value gains on financial assets at fair value through profit or loss	**14,861**	36,038
Iron pellet processing fee	**–**	4,424
Miscellaneous	**1,799**	672
Total other income and gains	**66,912**	100,268

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

5. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Interest on bank and other loans wholly repayable within five years	**37,221**	20,657
Interest on short term commercial papers	**7,922**	12,058
Interest on discounted bills receivable	**13,154**	66,934
Unwinding of discount on provision	**599**	560
	58,896	100,209
Less: interest capitalised to property, plant and equipment	**–**	(577)
	58,896	99,632
Transaction fee on issuance of commercial papers	**–**	735
Foreign exchange losses/(gains), net	**1,460**	(3,011)
Others	**1,820**	1,257
	62,176	98,613
Interest rates of borrowing costs capitalised	**–**	7.04%

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	**2014** **RMB'000**	2013 *RMB'000*
Cost of inventories sold		**661,920**	925,372
Employee benefit expenses (including Directors' and chief executive's remuneration):			
Wages and salaries		**52,209**	73,832
Welfare and other benefits		**6,276**	19,832
Equity-settled share option expense	*17*	**17,026**	12,730
Pension scheme contributions			
– Defined contribution fund		**12,545**	13,459
Housing fund			
– Defined contribution fund		**604**	601
Total employee benefit expenses		**88,660**	120,454
Depreciation		**131,972**	145,218
Amortisation of intangible assets		**37,893**	40,656
Amortisation of prepaid land lease payments		**1,106**	1,205
Depreciation and amortisation expenses		**170,971**	187,079
Minimum lease payments under operating leases:			
– Land		**–**	127
– Office		**1,455**	1,691
Auditors' remuneration		**3,950**	3,800
Prepaid technical fee released to profit or loss		**4,133**	4,133
Write-off of property, plant and equipment		**–**	1,389
Loss on disposal of items of property, plant and equipment		**765**	5,535
Impairment loss on property, plant and equipment		**166,947**	–
Impairment loss on trade receivables	*11*	**82,125**	–
Write-down of inventories to net realisable value		**7,658**	–
Gain on winding up a joint venture		**(95)**	–
Goodwill written off		**280**	–
Fair value loss on previously held equity interest under step acquisition of a subsidiary		**73**	–

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group was not subject to any income tax in the Cayman Islands and the BVI during the two years ended 31 December 2014.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the two years ended 31 December 2014.

The provision for PRC Corporate Income Tax ("CIT") is based on the respective PRC CIT rates applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of Mainland China for the year. Except for certain subsidiaries domiciled in the PRC ("PRC subsidiaries") (see below) that are entitled to a preferential income tax rate, PRC subsidiaries are subject to the PRC CIT rate of 25% during the two years ended 31 December 2014.

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

	2014	2013
	RMB'000	*RMB'000*
Current – the PRC		
Charge for the year	**1,770**	73,997
Underprovision/(overprovision) in prior years	**(67,778)**	17,361
Deferred	**(67,147)**	(7,654)
Income tax expense/(credit) for the year	**(133,155)**	83,704

Except for Aba Mining, Huili Caitong and Xiushuihe 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 were liable to PRC CIT at a rate of 25% on the assessable profits generated for the year.

Pursuant to the notice issued by the Tax Bureau of Huili County on 4 September 2012, Xiushuihe Mining was entitled to a preferential tax rate of 15% in 2012 according to the "Western Development Policy". In May 2013, the Tax Bureau of Huili County notified Xiushuihe Mining that Xiushuihe Mining could only enjoy the preferential tax rate of 15% unless 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 (the "Catalogue"). As Xiushuihe Mining has not obtained the aforesaid confirmation from the SPEIC in 2013, the PRC CIT was calculated at the rate of 25% on its assessable profits generated during the year ended 31 December 2013.

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

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

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

Pursuant to the prevailing PRC tax regulations, qualified foreign institutional investors are subject to withholding tax at a rate of 10% on their PRC-sourced interest income upon payment or upon accrual of interest by PRC resident enterprises. First China waived interest income receivables of its shareholder's loan granted to Huili Caitong for the year ended 31 December 2013 pursuant to its board resolution dated 20 September 2014. Consequently, the withholding income tax for the year ended 31 December 2013 of RMB2,808,000 was reversed in the income tax expense for the year.

During the year, no share of tax attributable to joint ventures was included in "Share of profits and losses of joint ventures" in profit or loss (2013: RMB543,000).

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

The calculation of basic earnings per Share is based on the profit for the year attributable to ordinary equity holders of the Company, and the number of ordinary Shares of 2,075,000,000 (2013: 2,075,000,000) in issue during the year ended 31 December 2014.

No adjustment has been made to the basic earnings per Share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the exercise prices of the Company's outstanding share options were higher than the average market prices for the Shares during the current and prior year.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		Group	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
Current portion:			
Prepayments consisting of:			
Prepaid technical service fee		**4,133**	4,133
Purchase of raw materials		**3,171**	1,240
Utilities		**7,923**	4,263
Prepayment for the use right of a road		**45**	45
Purchase of iron concentrates		**7,169**	148,677
Prepayment for acquisition of an associate	*(a)*	**4,890**	34,890
Prepaid stripping fees	*(b)*	**62,261**	–
Prepaid transportation and mining fees		**3,725**	–
Other prepayments		**4,800**	3,994
Bidding deposit		**–**	14,000
Interest income receivable		**17,984**	19,077
Other receivables consisting of:			
Consideration in respect of disposal of the old iron pelletising plant		**39**	1,266
Compensation receivable		**2,452**	–
Other receivables		**4,132**	3,190
		122,724	234,775
Non-current portion:			
Prepaid technical service fee		**37,201**	41,334
Prepayment for the use right of a road		**829**	874
Compensation receivable		**–**	2,452
Long-term environmental rehabilitation deposits		**6,016**	6,021
		44,046	50,681
		166,770	285,456

Notes:

(a) The balance represented a prepayment made for acquiring the 30% equity interest in Liangshan Yuechuan Mining Co., Ltd. ("Yuechuan Mining"). On 3 March 2014, Huili Caitong and the shareholders of Yuechuan Mining decided to wind-up Yuechuan Mining due to the uncertainty on the mining to obtain necessary mining permit for its operation and the additional expenses that would be incurred to reach the stage of commercial production. Consequently, the Group collected RMB30,000,000 from Yuechuan Mining in March 2014.

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

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

10. PAYMENTS IN ADVANCE

	Group	
	2014	2013
	RMB'000	*RMB'000*
In respect of:		
Purchase of machinery and equipment	**131**	577
Acquisition of subsidiaries	**633,055**	200,000
	633,186	200,577

As at 31 December 2014, payments in advance in respect of acquisition of subsidiaries consisted of:

(a) the prepayment of RMB354,025,000 made to Panzhihua Shuhai (2013: Nil), an independent third party in respect of the acquisition of 51% equity interest in Sichuan Haoyuan at a consideration of RMB370,000,000, pursuant to an equity purchase agreement entered between Huili Caitong and Panzhihua Shuhai on 22 May 2014; and

(b) the prepayment of RMB279,030,000 made to the Sellers in respect of the acquisition of 100% equity interest in Panzhihua Yixingda (2013: RMB200,000,000). Pursuant to the third supplemental agreement dated 29 December 2014 to the equity transfer agreement (as supplemented by the first and second supplemental agreement), the final purchase consideration of the acquisition has been adjusted from the minimum consideration of RMB600,000,000 to approximately RMB301,300,000. The acquisition was completed on 10 January 2015.

11. TRADE AND BILLS RECEIVABLES

	Group	
	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**564,515**	381,535
Bills receivable	**51,036**	3,804
	615,551	385,339
Impairment on trade receivables	**(82,125)**	–
	533,426	385,339

The Group's trading terms with its customers are mainly on credit, except for customers of titanium products, where full payment in advance of delivery is required. The Group temporarily extended the credit term offered to the existing customers from one month to three months since July 2013 and further extended to six months since 1 April 2014 given the unfavourable market conditions. Trade receivables are non-interest-bearing and unsecured.

An ageing analysis of the trade receivables (net of impairment) as at the end of each reporting period, based on the invoice date, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**213,573**	381,535
3 to 6 months	**10,022**	–
9 to 12 months	**258,795**	–
	482,390	381,535

Impairment of trade receivables recognised during the year ended 31 December 2014 represented a provision for individually impaired trade receivables of RMB82,125,000 (2013: Nil) with a carrying amount before provision of RMB82,125,000 (2013: Nil). The individually impaired trade receivables related to a customer that was in financial difficulties and none of the receivables is expected to be recovered.

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

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**223,595**	381,535
Less than 6 months past due	**258,795**	–
	482,390	381,535

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

As at 31 December 2014, the Group endorsed certain bills receivable accepted by banks in the PRC to certain of its suppliers in order to settle the trade payables to these suppliers with a carrying amount in aggregate of RMB294,495,000 (2013: RMB226,480,000); furthermore, as at 31 December 2014, the Group discounted certain bills receivable accepted by banks in the PRC, with a carrying amount in aggregate of RMB39,045,000 (2013: RMB410,342,000) (collectively referred to as the "Derecognised Bills"). The Derecognised Bills have a maturity from three to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated advances on discounting and trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their face amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year, the Group has recognised interest expense of RMB13,154,000 (2013: RMB66,934,000) *(note 5)* on discounted bills receivable. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and discount of bills receivable have been made evenly throughout the year.

12. TRADE AND BILLS PAYABLES

	Group	
	2014	2013
	RMB'000	*RMB'000*
Trade payables	**243,956**	287,070
Bills payable	**58,101**	657,420
	302,057	944,490

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
Within 180 days	**154,385**	807,852
181 to 365 days	**54,039**	62,974
1 to 2 years	**56,528**	61,449
2 to 3 years	**21,325**	11,545
Over 3 years	**15,780**	670
	302,057	944,490

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

As at 31 December 2014, the Group's bills payable of RMB48,880,000 (2013: RMB657,420,000) were secured by pledged time deposits.

13. OTHER PAYABLES AND ACCRUALS

	Group	
	2014	2013
	RMB'000	*RMB'000*
Current portion:		
Advances from customers	**12,670**	9,202
Payables related to:		
Construction in progress	**120,311**	128,351
Taxes other than income tax	**71,274**	42,617
Payroll and welfare payable	**58,997**	30,999
Mining cost and exploration right and assets	**–**	165
Huili County Hailong Mining Development Co., Ltd.	**–**	27,000
Yanbian County Hongyuan Mining Co., Ltd.	**–**	14,500
Sichuan Xingchen Mining Co., Ltd.	**2,543**	–
Consultancy and professional fees	**2,680**	5,079
Deposits received	**620**	616
Land occupation compensation payables	**7,524**	3,692
Accrued government surcharges	**25,331**	17,674
Accrued price adjustment fund	**8,003**	6,503
Accrued interest expenses	**–**	3,654
Other payables	**3,134**	3,104
	313,087	293,156
Non-current portion:		
Other payables	**701**	650
	313,787	293,806

14. COMMERCIAL PAPER LIABILITIES

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

The balance as at 31 December 2013 represented the second tranche of one-year commercial papers of RMB150 million issued by Huili Caitong on 4 September 2013, bearing a nominal interest rate of 7.5% per annum, which was repaid by Huili Caitong at the maturity date on 3 September 2014.

15. INTEREST-BEARING BANK AND OTHER LOANS

		Group	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
Bank loans:			
Secured	*(a)*	**439,845**	138,239
Unsecured	*(b)*	**556,945**	255,000
Guaranteed	*(c)*	**–**	16,000
Other loans, unsecured	*(d)*	**3,252**	4,000
		1,000,042	413,239
Bank loans repayable:			
Within one year or on demand		**971,790**	359,239
In the second year		**25,000**	25,000
In the third to fifth years, inclusive		**–**	25,000
		996,790	409,239
Unsecured other loans repayable:			
Within one year or on demand		**3,252**	3,200
In the second year		**–**	800
		3,252	4,000
Total bank and other loans		**1,000,042**	413,239
Balances classified as current liabilities		**(975,042)**	(362,439)
Balances classified as non-current liabilities		**25,000**	50,800

Notes:

(a) The balance as at 31 December 2014 consisted of (i) a bank loan of RMB94,845,000 granted by China Merchants Bank ("CMB") in April 2014 bear interest at the rate of 3.1% above 12-month LIBOR per annum, which were secured by the pledge of time deposits of RMB100,000,000 by the Group; (ii) a bank loan of RMB120,000,000 granted by Shanghai Pudong Development Bank Chengdu Branch ("SPDB Chengdu") to the Group in September 2014 bear interest at the rate of 9.0% per annum, which are pledged by the mining right of the Xiushuihe Mine and 95% equity interest in Xiushuihe Mining; and (iii) bank loans aggregated to RMB225,000,000 granted by China Construction Bank ("CCB") Huili Branch to the Group in December 2014 bear interest at the rate of 5.32% per annum are pledged by the mining right of Baicao Mine.

(b) As at 31 December 2014, Huili Caitong had unsecured interest-bearing bank loans of RMB75,000,000 (2013: RMB225,000,000) from CCB Xichang Yuecheng Branch, at a fixed rate of 6.55% (2013: 6.0% to 7.05%) per annum, of which RMB25,000,000 were classified as non-current portion due to repayment in December 2016.

In addition, as at 31 December 2014, Huili Caitong and Xiushuihe Mining had unsecured interest-bearing bank loans of RMB405,445,000 and RMB76,500,000 at fixed rates ranging from 5.60% to 6.6% and 6.0% per annum respectively, both of which were guaranteed by the Company at nil consideration.

(c) The balance as at 31 December 2013 represented long-term interest-bearing bank loans obtained by Aba Mining from CCB Aba Branch of RMB16,000,000, bearing interest at the fixed rate of 7.04% per annum which were repaid by Aba Mining in December 2014. These long-term bank loans from CCB Aba Branch were jointly guaranteed by Chengyu Vanadium Titano and Chuanwei for nil consideration.

(d) Other loans represented interest-bearing loans granted by Wenchuan County State Assets Investment Co., Ltd. ("Wenchuan State Assets Investment") to Aba Mining for the reconstruction of production plants affected by the earthquake in May 2008. Other loans are unsecured and interest-bearing at the fixed rate of 5.76% per annum (2013: 5.76%), all of which are due for repayment in July 2015.

As at 31 December 2014, except for bank loans of RMB94,845,000 (2013: RMB91,453,000), which were denominated in USD, the remaining bank and other loans were denominated in RMB.

16. SHARE CAPITAL

Shares

	2014	2013
	RMB'000	*RMB'000*
Authorised:		
10,000,000,000 (2013: 10,000,000,000) ordinary shares of HK$0.1 each	**880,890**	880,890
Issued and fully paid:		
2,075,000,000 (2013: 2,075,000,000) ordinary shares of HK$0.1 each	**182,787**	182,787

There was no change in the authorised and issued capital of the Company during the year ended 31 December 2014.

17. SHARE OPTION SCHEMES

On 4 September 2009, the Company adopted a share option scheme (the "Old Share 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 Share Option Scheme include the Company's Directors, including non-executive Directors, and other employees of the Group.

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

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

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

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

The exercise price of share options is determinable by the Board, but may not be less than the highest of (i) the nominal value of Shares; (ii) the average closing price of the Shares for the five trading days immediately preceding the date of grant of the share options; and (iii) the Stock Exchange closing price of the Shares on the date of grant of the share options.

The following share options were outstanding under the Old Share Option Scheme and the New Share Option Scheme during the year:

	Notes	Weighted average exercise price HK$ per Share	Number of options '000
As at 1 January 2014	(a)	4.34	56,900
Granted during the year	(b)	1.00	41,900
Forfeited during the year	(c)	1.00	(2,100)
As at 31 December 2014		2.97	96,700

Notes:

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

(b) On 15 April 2014, options to subscribe for a total of 41,900,000 new Shares with a nominal value of HK$0.10 each in the share capital of the Company were granted under the New Share Option Scheme at the exercise price of HK$1.00 per Share.

(c) The share options granted to Mr. Wang Jin and Mr. Gu Peidong under the New Share Option Scheme were forfeited following resignation of the two participants during the year.

The exercise price and exercise period of the share options outstanding as at 31 December 2014 are as follows:

Number of options '000	Exercise price per Share HK$	Exercise period
10,100	5.05	29 June 2012 to 28 December 2019
10,100	5.05	29 December 2014 to 28 December 2019
4,700	4.99	1 October 2012 to 31 March 2020
4,700	4.99	1 April 2015 to 31 March 2020
27,300	3.60	23 May 2013 to 22 May 2021
19,900	1.00	15 October 2014 to 14 April 2024
9,950	1.00	15 April 2015 to14 April 2024
9,950	1.00	15 October 2015 to14 April 2024
96,700		

The Group has 72,100,000 share options exercisable as at 31 December 2014 (2013: 42,100,000) with the weighted average exercise price was HK$3.38 per Share (2013: HK$4.10).

The fair value of share option granted during the year was HK$15,832,000 (equivalent to approximately RMB12,572,000) or HK$0.38 each (equivalent to approximately RMB0.30 each). The Group recognised a share option expense of HK$20,506,000 (equivalent to approximately RMB17,026,000) during the year ended 31 December 2014 (2013: HK$14,770,000 equivalent to approximately RMB12,730,000).

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

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

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

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

At 31 December 2014, the Company had 29,600,000 share options outstanding under the Old Share Option Scheme and 67,100,000 share options outstanding under the New Share 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 96,700,000 additional ordinary Shares of the Company and additional share capital of HK$9,670,000 and share premium of HK$277,326,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 96,700,000 share options outstanding, which represented approximately 4.66% of the Shares in issue as at that date.

18. RESERVES

(a) Share premium account

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

(b) Statutory reserve fund

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

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

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

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

(c) Contributed surplus

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

(d) Safety fund surplus reserve

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

(e) Share option reserve

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

(f) Capital reserve

The capital reserve represented the Group's capital injection to a subsidiary by way of transfer from retained earnings in 2012.

19. DIVIDENDS

(a) Dividends attributable to the year

At a meeting of the Directors held on 30 March 2015, the Directors resolved not to recommend the payment of a final dividend to Shareholders for the year ended 31 December 2014.

(b) Dividends attributable to the previous financial year, declared and paid during the year

	RMB'000
Final dividend in respect of the financial year ended 31 December 2013 of RMB0.017 per Share	
Declared during the year	36,043
Paid during the year	(36,043)
	–

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The year 2014 was surely a challenging year for the steel industry in China. Domestic economic growth slowed down during the year under review. Sales margins of the entire steel industry are razor-thin and together with the excess supply of steel products have spurred steel companies in China to find ways to overcome these problems, leading to substantial growth in the export volume of steel products from China to a record high of more than 90.0 Mt in 2014. However, international trade disputes also increased during the year and many countries around the world have imposed anti-dumping duties on steel products originating from China. The National Bureau of Statistics of the PRC has released data showing that China, the world's largest iron ore consumer, recorded a gross domestic product ("GDP") growth of just 7.4% last year, the slowest increase since 1990. All of these factors have adversely affected the steel industry in China.

Steel companies in China have been facing serious operating pressure in recent years within China, including the Chinese Government's determination to eliminate backward and overcapacity. In September 2013, the State Council of the PRC ("State Council") promulgated the "Action Plan on Prevention and Control of Air Pollution", intended to further reduce iron and steel making capacities by 15.0 Mt by 2015. The State Council also issued the "Guiding Opinions of the State Council on Resolving the Conflict of Rampant Overcapacity" in October the same year which recommended reducing total production capacity of steel to more than 80.0 Mt in the coming five years. All steel companies also have to comply with the new "Environmental Protection Law" effective on 1 January 2015 in the areas of greater investment in environmental protection. The new "Environmental Protection Law" has called for prosecution of companies which illegally discharge pollution. Steel companies in China whose operations are characterised by high energy, resource consumption and pollution would be among the first to be affected.

Turning to the upstream market, the increasing competition from overseas mining companies which supply high quality iron ore products at competitive prices led to declining profits for domestic mining companies. The sluggish condition in both upstream and downstream markets has led to a drop of approximately 50% in the price of iron ore during the year. In addition, the resource tax imposed on mining companies in China is far higher than that in other ore producing countries, which made the operating environment of the domestic mining companies even more difficult. According to the China Iron & Steel Association, the China Iron Ore Price Index fell sharply from 454.25 in January 2014 to 230.20 in February 2015, while the composite price index of domestic steel products dropped from 98.93 in January 2014 to 75.92 in February 2015, reflecting the trough in the steel industry's development in China during 2014 and early 2015. The Group's business was inevitably affected by the negative trend.

As for the titanium industry, excess capacity continued and overall demand was weak during the year under review which dragged down product prices. The price of titanium concentrates in Panzhihua dropped to nearly the lowest level of the whole year. The price of high-grade titanium concentrates fell from a high of RMB710/tonne in January 2014 to a yearly low of RMB480/tonne in late December 2014 (including packaging and without value added tax). In view of the weak performance of the titanium industry, some of the mining companies in China have reduced output or even suspended production during the year to avoid further drops in profitability.

The capital flow of steel companies has become tighter due to the decrease in price of steel products, excess industry capacity and the unfavourable market sentiment. These companies still need to operate under the difficult environment whereby they shoulder heavy loans and debt. The China Banking Regulatory Commission has implemented strict credit control over companies with overcapacity and tightened their credit limit since early 2014. This measure has increased the financing costs of steel companies. In addition, according to the data issued by the China Iron & Steel Association, the average asset-to-liability ratio of its member companies was as high as 72% in late 2014 with total bank loans amounting to more than RMB1,300 billion, although the People's Bank of China has announced in February 2015 its second interest rate cut within three months aiming to alleviate the operating cost pressure of companies in various industries. As for this issue, the Group is paying close attention to the recoverability of its trade receivables and discussing strategies with customers in order to navigate the difficult times for the industry.

BUSINESS AND OPERATIONS REVIEW

During the year, due to the severely unfavourable downstream market and the production reduction of steel companies within the southwest of China, the demand of the upstream market declined, which led to the periodic suspension of production and adversely affected our performance. The Group's revenue significantly decreased by 54.6% to approximately RMB649.1 million as compared to the corresponding period of last year. The gross loss of the Group for the year was approximately RMB12.8 million and the gross profit of the Group for the year ended 31 December 2013 was approximately RMB504.5 million. The loss and total comprehensive loss attributable to owners of the Company was approximately RMB366.4 million.

In July 2013, the Group has engaged the Geochemistry Exploration Brigade of Sichuan Bureau of Exploration and Development of Geology and Mineral Resources ("Sichuan Geochemistry Exploration Team") to prepare a geological exploration report and engaged two independent research institutes to prepare beneficiation and metallurgical testing reports on niobium and tantalum ore resources at the Baicao Mine. After considering the results of the beneficiation and metallurgical testing reports, the Board was of the view that it would not be in the best interest of the Company to pursue the exploration work further. As such, the Board decided to terminate all exploration work from 5 March 2014. The normal mining operations at the Baicao Mine resumed on 13 March 2014.

On 17 January 2014, the shareholders of the Joint Venture established for the development of the Dashanshu Section unanimously decided to voluntarily wind-up the Joint Venture due to the uncertainty on the timing to obtain the necessary mining permit for its operation and the additional expenses that would be incurred to reach the stage of commercial production.

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

On 28 May 2014, Lingyu and the Sellers entered into a second supplemental agreement, whereby the Sellers would instruct an independent geological agent (the “Geological Agent”) to carry out further exploration works on the Haibaodang Mine for a period of six months from 1 June 2014. On 29 December 2014, the Sellers, Lingyu and Huili Caitong entered into a third supplemental agreement to modify or supplement certain terms and conditions of acquisition agreement (as supplemented by the first supplemental agreement and the second supplemental agreement), including, among other things, the replacement of Lingyu by Huili Caitong as the purchaser of the acquisition, and the adjustment and finalisation of the final consideration to approximately RMB301.3 million. The acquisition was completed in January 2015.

As at 2 December 2014, Sure Prime Limited (the “Investor”), a wholly-owned subsidiary of the Company, did not receive any part of the redemption amount payable by the Issuer under the Exchangeable Notes, and there occurred an event of default under the Exchangeable Notes (the “Event of Default”). On 30 December 2014, the Investor, subject to the consent of the other noteholders, (i) granted a waiver in favour of the Issuer to waive the Event of Default; and (ii) entered into the supplemental deed with the Issuer, its ultimate beneficial owner, and the Target Company. Pursuant to the supplemental deed, (a) the final maturity date of 25 November 2014 under the Exchangeable Notes (the “Final Maturity Date”) has been extended to 25 June 2015; (b) the yield to maturity for the entire term of the Exchangeable Notes and until the full redemption thereof has been revised from 20% to 25% per annum; and (c) the Investor shall be entitled to exchange all or any part of the Exchangeable Notes at any time prior to the full redemption of the Exchangeable Notes by a single or multiple presentation of exchange notice (the “Supplemental Arrangement”).

On 8 January 2015, the Investor received the consent from the other noteholders to give effect to the waiver and the Supplemental Arrangement except that the Final Maturity Date under the Supplemental Arrangement shall be brought forward from 25 June 2015 to 25 March 2015. For details of the aforesaid events, please refer to the section headed “Other Significant Events” in this announcement.

As at 25 March 2015, the Investor did not receive any part of the redemption amount payable by the Issuer under the Exchangeable Notes. On even date, under the instruction of the Investor, its legal advisor issued a notice of potential event of default to the Issuer requesting for the payment of the redemption amount in accordance with the terms of the Exchangeable Notes and reminding the Issuer about the potential occurrence of an Event of Default if the Investor does not receive the full redemption amount by 1 April 2015.

As at 31 December 2014, the Group owned the Baicao Mine, the Xiushuihe Mine, the Yangqueqing Mine, the Cizhuqing Mine and the Maoling-Yanglongshan Mine. Furthermore, the Group owned the Baicao Processing Plant, the Xiushuihe Processing Plant, the Hailong Processing Plant, the Heigutian Processing Plant and the Iron Pelletising Plant in the Panxi Region and also owned the Maoling Processing Plant in Aba Prefecture. As at 31 December 2014, the Group's annual capacity (on a wet basis) of vanadium-bearing iron concentrates, ordinary iron concentrates, iron pellets and high-grade titanium concentrates amounted to 2,600.0 Ktpa, 150.0 Ktpa, 1,000.0 Ktpa and 280.0 Ktpa, respectively.

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

	For the year ended 31 December		
	2014	2013	Change
	(Kt)	*(Kt)*	*(%)*
Vanadium-bearing iron concentrates			
Baicao Processing Plant	**150.2**	226.3	-33.6
Xiushuihe Processing Plant	**322.8**	657.4	-50.9
Heigutian Processing Plant	**225.5**	682.3	-67.0
Hailong Processing Plant	**128.9**	238.1	-45.9
Total production volume	**827.4**	1,804.1	-54.1
Total sales volume	**857.1**	1,937.2	-55.8
Ordinary iron concentrates			
Maoling Processing Plant	**99.1**	61.8	60.4
Total production volume	**99.1**	61.8	60.4
Total sales volume	**96.9**	57.9	67.4
Purchase from an independent third party for trading purpose	**298.4**	118.7	151.4
Sale to an independent third party for trading purpose	**298.4**	118.7	151.4

	For the year ended 31 December		
	2014	2013	Change
	(Kt)	*(Kt)*	*(%)*
Iron pellets			
Iron Pelletising Plant	**–**	43.8	-100.0
Total production volume	**–**	43.8	-100.0
Total sales volume	**–**	38.3	-100.0
Medium-grade titanium concentrates			
Baicao Processing Plant	**46.6**	–	N/A
Total production volume	**46.6**	–	N/A
Total sales volume	**16.6**	–	N/A
High-grade titanium concentrates			
Baicao Processing Plant	**1.5**	40.8	-96.3
Xiushuihe Processing Plant	**24.6**	89.5	-72.5
Heigutian Processing Plant	**1.4**	59.1	-97.6
Total production volume	**27.5**	189.4	-85.5
Total sales volume	**28.1**	196.3	-85.7

The exploration work carried out for the potential niobium and tantalum ore resources at the Baicao Mine before 13 March 2014 coupled with the periodic production suspension at the Baicao Mine and the Xiushuihe Mine due to the continuing gloomy market condition, led to the significant decline in total production volume and total sales volume for the Group's products. Total production volume and total sales volume of vanadium-bearing iron concentrates decreased by 54.1% and 55.8%, respectively as compared to the corresponding period of last year. Total production volume and total sales volume of ordinary iron concentrates increased by 60.4% and 67.4%, respectively as compared to the corresponding period of last year. Total production volume and total sales volume of high-grade titanium concentrates decreased by 85.5% and 85.7%, respectively as compared to the corresponding period of last year. There was no output of iron pellets during the year.

During the year, the Group continued to conduct the trading business with the independent third parties for ordinary iron concentrates. The purchase of ordinary iron concentrates and the sales of ordinary iron concentrates for trading purpose were 298.4 Kt and 298.4 Kt, respectively. The agreements entered into with the independent third parties entitled the Group to a 5% discount on the purchase price as compared to the prevailing market price with a certain amount of prepayment.

FINANCIAL REVIEW

Revenue

During the year, the Group's revenue was approximately RMB649.1 million (2013: RMB1,429.9 million), representing a decrease of 54.6% as compared to the corresponding period in 2013. Such decrease was due to the significant decrease in sales volume and average selling prices of the Group's products. The revenue also included the sale of ordinary iron concentrates to an independent third party of approximately RMB221.6 million for trading purpose.

Cost of Sales

The cost of sales primarily included contracting fees for mining and stripping as well as materials, labour, power and other utilities, repair and maintenance, depreciation and amortisation, and the purchase cost of ordinary iron concentrates from an independent third party for trading purpose. During the year, the Group's cost of sales was approximately RMB661.9 million (2013: RMB925.4 million), representing a decrease of 28.5% as compared to the corresponding period in 2013. The decrease was primarily due to the significant decrease in sales volume of the Group's products. During the year, the unit production costs of vanadium-bearing iron concentrates increased as compared to the corresponding period in 2013 mainly because of the increased stripping costs, depreciation and other miscellaneous expenses, and the increase in stripping costs was primarily due to the higher ratio of waste to raw iron ore during the extraction.

Gross Profit/(Loss) and Margin

As a result of the foregoing, the gross loss for the year was approximately RMB12.8 million and the gross profit for the year ended 31 December 2013 was approximately RMB504.5 million. The gross loss margin for the year was approximately 2.0% and the gross profit margin for the year ended 31 December 2013 was approximately 35.3%. The decrease in gross profit margin was primarily because of the decreased selling prices of the Group's products due to unfavourable market condition, coupled with the impact of increased unit production costs as explained above.

Other Income and Gains

The other income and gains decreased by 33.3%, from approximately RMB100.3 million for the year ended 31 December 2013 to approximately RMB66.9 million for the year. The other income and gains of the Group for the year mainly included bank interest income, fair value gains on the Exchangeable Notes and government grant from local government. The decrease was mainly due to the decrease in fair value gains on the Exchangeable Notes.

Selling and Distribution Expenses

The selling and distribution expenses decreased by 30.6%, from approximately RMB50.7 million for the year ended 31 December 2013 to approximately RMB35.2 million for the year. The selling and distribution expenses primarily consisted of transportation fees, which mainly represented the road transportation costs, goods loading and unloading fees, platform storage and administration fees. The decrease was mainly due to the significant decrease in sales volume of the Group's products.

Administrative Expenses

The administrative expenses increased by 26.8%, from approximately RMB152.6 million for the year ended 31 December 2013 to approximately RMB193.5 million for the year. The increase in administrative expenses was mainly because the suspension expenses during the year including staff costs and overheads were recorded in the administrative expenses in aggregate of approximately RMB80.7 million, as a result of (i) the suspension of production of the Iron Pelletising Plant and (ii) the periodic suspension of production in the Baicao Mine and the Xiushuihe Mine.

The equity-settled share option expenses of approximately RMB17.0 million for the year (2013: RMB12.7 million) were incurred because three batches of share options were granted to certain Directors, senior management and employees of the Group on 29 December 2009, 1 April 2010 and 15 April 2014, respectively.

Other Expenses

The other expenses decreased by 62.2%, from approximately RMB38.1 million for the year ended 31 December 2013 to approximately RMB14.4 million for the year, mainly representing bank charges and write down of inventories to net realisable value. The decrease was mainly because there were processing costs of iron pellets, exploration expenditure for niobium and tantalum ore resources and loss on disposal of the old iron pelletising plant in 2013.

Impairment Loss

The impairment loss in aggregate was approximately RMB249.1 million for the year, representing the impairment loss on property, plant and equipment of the Iron Pelletising Plant and trade receivables.

Finance Costs

The finance costs decreased by 36.9%, from approximately RMB98.6 million for the year ended 31 December 2013 to approximately RMB62.2 million for the year, primarily due to the decrease in interest on discounted bills receivable.

Income Tax Credit/(Expense)

The income tax credit for the year was RMB133.2 million and the income tax expense for the year ended 31 December 2013 was RMB83.7 million. The income tax credit for the year mainly included (i) the over-provision of income tax for Huili Caitong of approximately RMB55.3 million for the years 2012 and 2013, as the local tax bureau informed that Huili Caitong is entitled to the preferential tax rate of 15% in May 2014; (ii) the over-provision of income tax for Xiushuihe Mining of approximately RMB9.7 million for the year 2013, as Xiushuihe Mining obtained the confirmation from the SPEIC on 30 December 2013 and further obtained the approval document issued by the local tax bureau on 19 March 2014 for its entitlement of the preferential tax rate of 15%; and (iii) the deferred income tax assets of approximately RMB67.1 million for the impairment loss on property, plant and equipment of the Iron Pelletising Plant and trade receivables and unused tax losses during the year.

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

As a result of the foregoing, the loss and total comprehensive loss for the year was approximately RMB367.4 million and the profit and total comprehensive income for the year ended 31 December 2013 was approximately RMB182.5 million.

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

The loss and total comprehensive loss attributable to owners of the Company was approximately RMB366.4 million for the year and the profit and total comprehensive income attributable to owners of the Company was approximately RMB179.1 million for the year ended 31 December 2013.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: HK$0.022 per Share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 13 May 2015 to Friday, 15 May 2015 (both days inclusive) during which period no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the 2015 AGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12 May 2015.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets out certain information regarding the Group's consolidated statement of cash flows for the years ended 31 December 2014 and 2013:

	For the year ended 31 December			
	2014		2013	
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents as stated in the consolidated statement of cash flows at beginning of year		**115,018**		375,346
Net cash flows from/(used in) operating activities	**(764,466)**		15,522	
Net cash flows from/(used in) investing activities	**452,960**		(293,752)	
Net cash flows from financing activities	**400,572**		18,806	
Net increase/(decrease) in cash and cash equivalents		**89,066**		(259,424)
Effect of foreign exchange rate changes, net		**(1,273)**		(904)
Cash and cash equivalents as stated in the consolidated statement of cash flows at end of year		**202,811**		115,018

Net Cash Flows from/(Used in) Operating Activities

The Group's net cash flows from operating activities were approximately RMB15.5 million for the year ended 31 December 2013 and the net cash flows used in operating activities were approximately RMB764.5 million for the year. It primarily included (i) the loss before tax of approximately RMB500.6 million; (ii) the increase in trade and bills receivables of approximately RMB230.1 million which was mainly due to the extension of credit terms; and (iii) the decrease in trade and bills payables of approximately RMB643.0 million due to less procurement of raw materials and settlement to major suppliers. The above factors were partially offset by (i) certain non-cash expenses such as impairment loss, depreciation and amortisation in aggregate of approximately RMB420.0 million; (ii) the decrease in prepayments, deposits and other receivables of approximately RMB113.4 million which was mainly due to the settlement of a prepayment made for purchase of ordinary iron concentrates to an independent third party; and (iii) increase in other payables and accruals of approximately RMB70.5 million which was mainly due to increased tax other than income tax.

Net Cash Flows from/(Used in) Investing Activities

The Group's net cash flows used in investing activities were approximately RMB293.8 million for the year ended 31 December 2013 and the net cash flows from investing activities were approximately RMB453.0 million for the year. It primarily included the decrease in time deposits with maturity of over three months of RMB852.2 million and the decrease in pledged bank balances of approximately RMB241.2 million for the issuance of bills payable, which were partially offset by the prepayment for the acquisition of Sichuan Haoyuan and Panzhihua Yixingda of approximately RMB433.0 million and the purchase of items of property, plant and equipment and intangible assets in aggregate of approximately RMB217.4 million.

Net Cash Flows from Financing Activities

The Group's net cash flows from financing activities were approximately RMB18.8 million for the year ended 31 December 2013 and approximately RMB400.6 million for the year. It primarily included the proceeds from bank loans of approximately RMB1,241.6 million, which were partially offset by the repayment of bank loans and commercial papers in aggregate of approximately RMB805.0 million and the payment of final dividend of approximately RMB36.0 million.

Analysis of Inventories

The Group's inventories increased by 9.3%, from approximately RMB141.7 million as at 31 December 2013 to approximately RMB154.9 million as at 31 December 2014, primarily due to the increase in raw ore and unit production costs of the Group's products as a result of the reduction in production volume during the year.

Analysis of Trade and Bills Receivables

The Group's trade and bills receivables increased by 38.4%, from approximately RMB385.3 million as at 31 December 2013 to approximately RMB533.4 million as at 31 December 2014. Trade receivable turnover days were approximately 243 days (year ended 31 December 2013: 67 days). The Group has extended its used credit terms to the customers from 90 days to 180 days since April 2014 under such current unfavourable market condition.

Analysis of Trade and Bills Payables

The Group's trade and bills payables decreased by 68.0%, from approximately RMB944.5 million as at 31 December 2013 to approximately RMB302.1 million as at 31 December 2014, primarily due to (i) less procurement of raw materials as a result of the decrease in production volume of the Group's products and (ii) the increase in settlement to major suppliers.

Analysis of Net Current Assets Position

The Group's net current assets position decreased by 66.1%, from approximately RMB681.9 million as at 31 December 2013 to approximately RMB231.0 million as at 31 December 2014, primarily because of the significant decrease in cash and cash equivalents as a result of the prepayment for the acquisition of Sichuan Haoyuan and Panzhihua Yixingda and the payments made for construction of property, plant and equipment.

Borrowings

As at 31 December 2014, the Group's borrowings mainly included (i) a secured bank loan of RMB120.0 million with an annual interest rate of 9.0% from SPDB Chengdu to Xiushuihe Mining which was pledged by the mining right of the Xiushuihe Mine and 95% equity interest in Xiushuihe Mining; (ii) secured bank loans of RMB225.0 million with an annual interest rate of 5.32% from CCB Huili branch to Huili Caitong which was pledged by the mining right of the Baicao Mine; (iii) a secured bank loan of US$15.5 million (approximately RMB94.8 million) with an annual interest rate of prevailing LIBOR plus 3.1% from CMB to First China and was secured by a deposit of approximately RMB100.0 million pledged by Huili Caitong at CMB Yingmenkou branch; (iv) unsecured bank loans of RMB75.0 million with an annual interest rate of 6.55% from CCB Xichang Yuecheng branch to Huili Caitong, of which RMB50.0 million is repayable within one year; (v) unsecured bank loans of RMB405.4 million and RMB76.5 million with annual interest rates ranging from 5.6% to 6.6% and 6.0% from CMB Yingmenkou branch, Industrial and Commercial Bank of China Liangshan branch and SPDB Chengdu to Huili Caitong and Xiushuihe Mining, respectively; and (vi) loans of RMB3.3 million with an annual interest rate of 5.76% from Wenchuan State Assets Investment to Aba Mining.

Contingent Liabilities

As at 31 December 2014, the Group did not have any material contingent liabilities.

Pledge of Assets

As at 31 December 2014, the mining right of the Xiushuihe Mine and 95% equity interest in Xiushuihe Mining were pledged to SPDB Chengdu for the bank loan of RMB120.0 million. The mining right of the Baicao Mine was pledged to CCB Huili branch for the bank loan of RMB225.0 million. The Group's deposits of approximately RMB100.0 million were pledged to CMB Yingmenkou branch for the bank loan of US$15.5 million (approximately RMB94.8 million). In addition, the Group's deposits of approximately RMB100.6 million were pledged at banks for the issurance of bills payable.

Foreign Currency Risk

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

The Renminbi is not freely convertible. There is a risk that the Chinese Government may take actions affecting exchange rates which may have a material adverse effect on the Group's net assets, earnings and any dividends it declares if such dividend is to be exchanged or converted into foreign exchange. The Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies. Management monitors the Group's foreign currency exposure and will consider hedging significant foreign currency exposure when the needs rise.

The following table demonstrates the sensitivity to a 5.0% change in RMB against HK$ and US$, respectively. The 5.0% is the rate used when reporting currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign currency rate. The sensitivity analyses of the Group's exposure to foreign currency risk at the end of each reporting period have been determined based on the adjustment of translation of the monetary assets and liabilities at the end of each reporting period for a 5.0% change in RMB against HK$ and US$, respectively, with all other variables held constant, of the Group's profit before tax for the year ended 31 December 2014 (due to changes in the fair value of cash and cash equivalents, financial assets at fair value through profit and loss and bank loans denominated in HK$ and US$):

	RMB'000
Increase/(decrease) in profit before tax	
If RMB weakens against HK$ and US$	14,721
If RMB strengthens against HK$ and US$	(14,721)

Interest Rate Risk

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

Contractual Obligations

As at 31 December 2014, the Group's contractual obligations amounted to approximately RMB51.0 million, and decreased by RMB365.1 million as compared to approximately RMB416.1 million as at 31 December 2013, which was primarily due to the prepayment for the acquisition of Sichuan Haoyuan and Panzhihua Yixingda.

Capital Expenditure

The Group's total capital expenditure increased by RMB367.7 million from approximately RMB228.2 million for the year ended 31 December 2013 to approximately RMB595.9 million for the year. The capital expenditure consisted of (i) payment in advance of RMB354.0 million and RMB79.0 million in respect of the acquisition of 51% equity interest in Sichuan Haoyuan and 100% equity interest in Panzhihua Yixingda, respectively; (ii) the stripping costs classified as stripping activity assets of approximately RMB78.5 million; (iii) the construction of vanadium-bearing iron concentrates production line at the Xiushuihe Mine of approximately RMB59.5 million; and (iv) the development of the construction of miscellaneous projects and acquisition of machinery equipment of approximately RMB24.9 million.

Financial Instruments

As at 31 December 2014, the Group had the Exchangeable Notes in the principal amount of US$30.0 million. The Exchangeable Notes are accounted for as financial assets at fair value through profit or loss.

Gearing Ratio

Gearing ratio is a measure of financial leverage, which is calculated by net debt divided by "total equity plus net debt". Net debt is defined as interest-bearing bank and other loans and commercial paper liabilities, net of cash and cash equivalents and it excludes liabilities incurred for working capital purpose. Equity includes equity attributable to owners of the Company and non-controlling interests. As at 31 December 2014, gearing ratio was 12.7% (31 December 2013: nil).

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2014, the Group had a total of 1,864 dedicated full time employees (31 December 2013: 2,018 employees), including 130 management and administrative staff, 58 technical staff, 13 sales and marketing staff and 1,663 operational staff. For the year ended 31 December 2014, the employee benefit expense (including Directors' remuneration in the form of salaries, equity-settled share option expenses and other allowances) was approximately RMB88.7 million (2013: RMB120.5 million).

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

OTHER SIGNIFICANT EVENTS

(i) In July 2013, the Group has engaged Sichuan Geochemistry Exploration Team to prepare a geological exploration report and engaged two independent research institutes to prepare beneficiation and metallurgical testing reports on niobium and tantalum ore resources at the Baicao Mine. Although the geological exploration report prepared by Sichuan Geochemistry Exploration Team indicated that there may be substantial niobium and tantalum ore resources at the Baicao Mine, the two independent research institutes had concluded in their beneficiation and metallurgical testing reports that the niobium and tantalum ore resources at the Baicao Mine could not be economically recovered from the ore. After considering the results of the beneficiation and metallurgical testing reports, the Board was of the view that it would not be in the best interest of the Company to pursue the exploration work further. As such, the Board decided to terminate all exploration work from 5 March 2014. The normal mining operations at the Baicao Mine resumed on 13 March 2014. Please refer to the Company's announcements on 11 July 2013 and 4 March 2014 for further details.

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

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

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

In March 2014, the Geological Agent issued the Mineral Resources and Reserves Report, in which it was estimated that the Haibaodang Mine had approximately 40.0 Mt of mineral resources and reserves with a minimum average iron content (Type 333 or above) of 15% or above, well below the 100.0 Mt required to satisfy the condition precedent to the completion of the acquisition under the Acquisition Agreement. After considering the contents of the Mineral Resources and Reserves Report and the extent of the works done by the Geological Agent, the Company was of the view that the bases upon which the volume of the relevant mineral resources and reserves at the Haibaodang Mine were estimated in the Mineral Resources and Reserves Report were not sufficient. As such, it was of the view that further exploration works should be carried out to further confirm the estimated volume of the relevant mineral resources and reserves at the Haibaodang Mine. Therefore, on 28 May 2014, Lingyu and the Sellers entered into a second supplemental agreement, whereby the Sellers would instruct the Geological Agent to carry out further exploration works at the Haibaodang Mine for a period of six months from 1 June 2014.

In August 2014, the Geological Agent issued a mineral resources and reserves survey report on the findings of the exploration works. Meanwhile, Lingyu also appointed the Sichuan Geochemistry Exploration Team to supervise the further exploration works on the Haibaodang Mine conducted by the Geological Agent appointed by the Sellers. In September 2014, the Sichuan Geochemistry Exploration Team issued the mineral resources and reserves supervision report accordingly (collectively, the "Reports"). According to the Reports, it was estimated that the Haibaodang Mine had approximately 107.61 Mt of mineral resources and reserves with a minimum average iron content (Types 332 and 333) of 15% or above, and hence satisfying the aforesaid condition precedent.

On 29 December 2014, the Sellers, Lingyu and Huili Caitong entered into a third supplemental agreement to modify or supplement certain terms and conditions of the Acquisition Agreement (as supplemented by the first supplemental agreement and the second supplemental agreement), including, among other things, the replacement of Lingyu by Huili Caitong as the purchaser of the acquisition, and the adjustment and finalisation of the final consideration to approximately RMB301.3 million. Please refer to the Company's announcements dated 29 December 2011, 22 April 2013, 28 May 2014 and 29 December 2014 for further details. The acquisition was completed in January 2015.

(v) As disclosed in the announcements of the Company dated 2 May 2011, 9 August 2011, 30 September 2011, 18 November 2011 and 25 November 2011 in relation to the subscription by the Investor of the Exchangeable Notes in the aggregate principal amount of US$30 million issued by the Issuer, there is a term under the Note Certificate that all of the Exchangeable Notes, which has not been exchanged into shares, shall be redeemed on the Final Maturity Date. As at 2 December 2014, the Investor did not receive any part of the redemption amount payable by the Issuer under the Exchangeable Notes and there occurred an Event of Default.

On 30 December 2014, the Investor, subject to the consent of the other noteholders, (i) granted a waiver in favour of the Issuer to waive the Event of Default; and (ii) entered into the supplemental deed with the Issuer, its ultimate beneficial owner, and the Target Company. Any consent granted by the other noteholders will be in respect of both the waiver and the supplemental deed. Likewise, the other noteholders would require the Investor's consent in order to give effect to any waiver or other amendments to their Exchangeable Notes. Pursuant to the supplemental deed, (a) the Final Maturity Date has been extended to 25 June 2015; (b) the yield to maturity for the entire term of the Exchangeable Notes and until the full redemption thereof has been revised from 20% to 25% per annum; and (c) the Investor shall be entitled to exchange all or any part of the Exchangeable Notes at any time prior to the full redemption of the Exchangeable Notes by a single or multiple presentation of exchange notice.

On 8 January 2015, the Investor received the consent from the other noteholders to give effect to the waiver and the Supplemental Arrangement except that the Final Maturity Date under the Supplemental Arrangement shall be brought forward from 25 June 2015 to 25 March 2015. Save for the above, there are no other revisions made to the Supplemental Arrangement. Accordingly, the Final Maturity Date has been extended from 25 November 2014 to 25 March 2015 under the Supplemental Arrangement. On even date, the Investor granted its consent to the other noteholders in relation to such other noteholders' waiver and supplemental arrangement which are materially similar in content to the Supplemental Arrangement. Please refer to the Company's announcements dated 2 December 2014, 31 December 2014 and 8 January 2015 for further details.

On 25 March 2015, which was the Final Maturity Date under the Supplemental Arrangement, the Investor did not receive any part of the redemption amount payable by the Issuer under the Exchangeable Notes. In view of this, on even date, the legal advisor of the Investor, for and on its behalf, issued a notice of potential event of default to the Issuer requesting for the payment of the redemption amount in accordance with the terms of the Exchangeable Notes and reminding the Issuer about the potential occurrence of an Event of Default if the Investor does not receive the full redemption amount by 1 April 2015. The Company will issue further announcement to update the Shareholders and potential investors on the progress of this matter in accordance with the Listing Rules.

OUTLOOK

Industry development and prospects

The Group expects the operating environment of the steel industry to remain challenging in the coming years. According to the data from The Steel Index, the recent price of iron ore has declined to its lowest level since May 2009. Industry analysts are generally pessimistic about the industry trend in 2015. Overseas mining companies have greatly increased their production capacity and exported iron ore to China while the country is experiencing a slowdown in economic growth. With the imbalance in supply and demand, the price of iron ore in China is expected to drop further in 2015. Facing the sluggish market, about one-third of domestic mining companies have suspended production in January 2015. On the other hand, excess capacity in the titanium industry is likely to persist and the industry will experience consolidation. Taking that into account, the Group commenced execution of a series of cost control measures, streamlined the corporate structure and allocated its human resources more flexibly so as to better cope with this difficult market situation.

The steel industry in China still offers development potential in the long run. The Chinese Government has strived to promote a healthy development of the steel industry and has implemented measures to redress the long-standing overcapacity. Measures taken by the Ministry of Industry and Information Technology of the PRC have already resulted in the elimination of 27.9 Mt of backward capacity by the end of November 2014, attaining the goal of phasing out obsolete steel production facilities set out in the 12th Five-Year Plan one year ahead of schedule. After the "2014 Work Plan on Resolving the Conflict of Rampant Overcapacity and Facilitating Structural Industry Adjustment in Sichuan*（《四川省化解產能過剩矛盾促進產業結構調整2014年工作計劃》）" was implemented in early 2014, phasing out backward capacity and optimising industrial structure have become the major tasks of the transformation and upgrading of Sichuan's industries. According to the data of the SPEIC, the capacity of steel production facilities phased out in the past year occupied around 6% of total domestic capacity. The SPEIC also issued the "2015 Guidance and Opinions on Industrial Energy Conservation and Emissions Reduction across the Province*（《2015年全省工業節能減排指導意見》）" in March 2015, which stated that the iron and steel making capacities in Sichuan have to be maintained at approximately 36 Mt and boost its efforts in promoting the transformation and upgrade to green and low-carbon emissions during the course of elimination of backward and overcapacity. In addition, the National Development and Reform Commission of the PRC has issued Directive No. 22, with the full article published in the "Catalogue of Industries for Guiding Foreign Investment (2015 Revision)" in March 2015. The principal changes are decreasing the number of industrial sectors restricted to foreign investors, greatly reducing the regulation of foreign investment in the manufacturing of general goods and eliminating the minimum domestic Chinese shareholding requirement for the steel industry. These amended investment policies are conducive to attracting more foreign investment in the restructuring of domestic steel companies, accelerating the reform of the steel industry and facilitating the upgrade of steel products. These policies are aimed at achieving the sustainability of the steel industry.

China's economic growth has continued to slow down. A number of provinces have experienced a drop in actual GDP growth in 2014 and failed to achieve the target set early last year. Some 29 provinces have substantially adjusted their GDP growth targets this year. As such, the Chinese Government has decided to speed up 300 infrastructure projects commanding a total investment of RMB7,000 billion this year to stimulate the economy and ensure that economic growth did not dip below 7%. These projects are expected to be completed by the end of 2016. The National Development and Reform Commission of the PRC has approved 21 infrastructure projects in the fourth quarter of 2014. These projects comprise 16 railways and five airports, mostly in the central and western regions, commanding a total investment of RMB700 billion. The Group believes that these projects not only can promote the economic development of these areas and provinces, but also boost the demand along with the product price of those major construction materials, such as steel, thus supporting the long-term development of domestic steel industry.

Within Sichuan, the Development and Reform Commission of Sichuan has announced that several key infrastructure, public service and ecological and environmental projects will be implemented in 2015 to promote the development of five economic zones. In December 2014, the People's Government of Sichuan has announced 264 public and private cooperative projects commanding a total investment of approximately RMB253.4 billion, of which railway projects occupy 10% which is expected to boost the demand for steel there. In January 2015, the Sichuan Provincial Department of Housing and Urban-Rural Development has stated at the Provincial Housing and Urban-Rural Development Conference*（全省住房城鄉建設工作會議）that the department will continue to promote urbanisation, cancel restrictions on property purchases and property prices and stimulate property consumption in 2015. These measures are expected to assist in realising the goal of achieving a development and investment value of not less than RMB480 billion in the property market in Sichuan and a year-on-year growth of 10%. The Group believes these measures would boost the demand for steel and the prices of steel products in Sichuan.

Business Strategy

Looking ahead, the Group will strategically adjust its production as product prices have yet to recover. A longer production suspension period may occur if the market situation keeps deteriorating. The low utilisation rate means that economies of scale would not be present, which would significantly affect the Group's short-to-medium term performance. In response, the Group will leverage the solid foundation built over the years and continue to adopt a series of cost control measures to overcome the challenges in the market. Nevertheless, the Group will continue preparation to maximise the business opportunities when the market rebounds. It has already obtained the mining permit at the Cizhuqing Mine with an annual capacity of 1.6 Mt of raw iron ore in January 2015. Besides, the Group will evaluate the feasibility of developing new resources, aiming to build a diverse product mix and to broaden its income sources. The Group will also seek overseas investment and merger and acquisition opportunities offering strong potential. A pragmatic approach in seeking appropriate investment and acquisition opportunities will enable the Group to strengthen its business foundation.

On 22 May 2014, Huili Caitong has entered into an equity transfer agreement with Panzhihua Shuhai to acquire a 51% equity interest of Sichuan Haoyuan at a consideration of RMB370.0 million. Sichuan Haoyuan, through its wholly-owned subsidiary, currently holds the mining permit of the Shigou Gypsum Mine with an annual output of 300.0 Kt of raw gypsum ore, enabling the Group to extend its business into gypsum mine resources, an area previously outside its scope of operation. Gypsum is a material which is widely used for construction, industrial and medical purposes. The development and operation of the Shigou Gypsum Mine can also help to enhance the Group's revenue and investment return potential. Currently, the Group is actively evaluating development plans and formulating investment plans for the Shigou Gypsum Mine with the aim to obtain reasonable returns from a minimal investment. Looking ahead, the Group plans to focus on the research and development of high-end gypsum products.

Although the management is not sanguine about the short-term development of the steel and iron ore market, it remains prudent and proactive in its approach towards the long-term prospects of the industry. It believes that the infrastructure projects of the national and provincial governments and its own solid foundation can enable it to steadily develop and overcome difficulties in the future and maximise shareholder returns.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the "CG Code") as its own code of corporate governance. The Directors consider that for the year ended 31 December 2014, the Company has complied with the code provisions under the CG Code except for code provisions A.6.7 and E.1.2 as described below.

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Code provision E.1.2 stipulates that the chairman of the board should invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. Messrs. Wang Jin, Yu Xing Yuan, Teo Cheng Kwee, Liu Yi and Gu Peidong (the then chairman of the remuneration committee of the Company) did not attend the annual general meeting held on 12 May 2014 due to other business commitment while Mr. Yu Haizong (chairman of the audit committee of the Company) did not attend the said annual general meeting due to flight delay as a result of poor weather.

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

Throughout the year ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement is published on the websites of the Company and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2014 will be dispatched to the Shareholders of the Company and available on the above websites in due course.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2014.

GLOSSARY

"12th Five-Year Plan"	the Twelfth Five-Year Plan for the National Economic and Social Development of the PRC
"2015 AGM"	the Shareholders' annual general meeting to be held on 15 May 2015
"Aba Mining"	Aba Mining Co., Ltd.*（阿壩礦業有限公司）, a limited liability company established in the PRC on 27 February 2004 and an indirect wholly-owned subsidiary of the Company
"Aba Prefecture"	阿壩藏族羌族自治州, Aba Tibetan and Qiang Autonomous Prefecture
"Anhydrite"	an anhydrous sulfate mineral with the chemical formula $CaSO_4$
"Baicao Mine"	白草鐵礦, the vanadium-bearing titano-magnetite mine located in 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 near the Baicao Mine and operated by Huili Caitong
"Board"	the board of Directors
"Chengyu Vanadium Titano"	Chengyu Vanadium Titano Technology Ltd.*（成渝釩鈦科技有限公司）, formerly known as Weiyuan Steel Co., Ltd.*（威遠鋼鐵有限公司）, a sino-foreign equity joint venture established in the PRC on 3 April 2001 and a connected person to the Group
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Company"	China Vanadium Titano-Magnetite Mining Company Limited (中國釩鈦磁鐵礦業有限公司), a limited liability company incorporated in the Cayman Islands on 28 April 2008
"Chuanwei"	Sichuan Chuanwei Group Co., Ltd.* (四川省川威集團有限公司), a limited liability company established in the PRC on 29 March 1998 and a connected person to the Group
"Cizhuqing Mine"	茨竹箐鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan and operated by Huili Caitong, with a mining area of 1.279 sq.km.
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Controlling Shareholder(s)"	has the meaning ascribed thereto in the Listing Rules and in the context of this announcement, refers to Trisonic International, Kingston Grand, Messrs. Wang Jin, Shi Yinjun, Yang Xianlu, Wu Wendong, Zhang Yuangui and Li Hesheng
"Dashanshu Section"	the Dashanshu section* (大杉樹礦段) of the Pingchuan Mine which has an exploration area of approximately 5 sq.km. within the exploration area set out in the exploration permit of the Pingchuan Mine
"Director(s)"	director(s) of the Company or any one of them
"Exchangeable Note(s)"	the exchangeable note(s) 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, 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
"Gypsum"	a soft hydrous sulfate mineral with the chemical formula $CaSO_4 \cdot 2H_2O$
"Haibaodang Mine"	海保凼鈦鐵礦, the vanadium-bearing titano-magnetite mine located in Renhe District, Panzhihua City, Sichuan, with an exploration area of 20.37 sq.km.
"Hailong Processing Plant"	the ore processing plant located near the Cizhuqing Mine and operated by Huili Caitong

"Heigutian Processing Plant"	the ore processing plant located near the Yangqueqing Mine and operated by Yanbian Caitong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Huili Caitong"	Huili County Caitong Iron and Titanium Co., Ltd.*（會理縣財通鐵鈦有限責任公司）, established in the PRC on 7 July 1998 and has been a foreign equity joint venture in the PRC since 29 December 2010, an indirect wholly-owned subsidiary of the Company
"IFRSs"	International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board and the International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect
"iron"	a silvery-white, lustrous, malleable, ductile, magnetic or magnetisable, metallic element occurring abundantly in combined forms, notably in hematite, limonite, magnetite, and taconite, and alloyed for use in a wide range of important structural materials
"iron concentrate(s)"	concentrate(s) whose main mineral content (by value) is iron
"iron ore"	compounds of iron and oxygen (iron oxides) mixed with impurities (gangue); it is a mineral which when heated in the presence of a reductant will yield metallic iron
"iron pellet(s)"	a round hardened clump of iron-rich material suitable for application in blast furnaces
"Iron Pelletising Plant"	the plant that produces iron pellets and is located in Huili County, Sichuan, which is approximately 5.5 km from the Xiushuihe Mine and operated by Huili Caitong
"Issuer"	Rui Tong Limited, a private company incorporated in the British Virgin Islands with limited liability, being the issuer of the Exchangeable Note under the Secured Exchangeable Note Purchase Agreement and a third party independent of the Company and its connected persons

"Joint Venture"	Liangshan Weichuan Mining Co., Ltd.*（涼山州威川礦業有限公司）, a joint venture formed pursuant to the cooperative agreement dated 30 August 2011 entered into between the Company, Sichuan Province Yanyuan County Pingchuan Iron Mine*（四川省鹽源縣平川鐵礦）and Sichuan Nanyu Information Technology Company Limited*（四川南譽信息技術有限公司）
"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 located in Wenchuan County, Sichuan, with a mining area of 1.9 sq.km.
"Maoling Processing Plant"	the ore processing plant located near the Maoling-Yanglongshan Mine and operated by Aba Mining
"Maoling-Yanglongshan Mine"	an exploration region with a total area of 11.62 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 Maoling Extended Exploration Area and the Yanglongshan Mine since September 2012 and operated by Aba Mining

"Mineral Resources and Reserves Report"	the Mineral Resources and Reserves Report in respect of the Haibaodang Mine issued by the Geological Agent
"mining right(s)"	the right(s) to mine mineral resources and obtain mineral products in areas where mining activities are licensed
"Mt"	million tonnes
"Note Certificate"	the note certificate of the Exchangeable Note with the terms and conditions of the Exchangeable Note set out therein
"ore processing"	the process which in general refers to the extraction of usable portions of ores by using physical and chemical extraction methods
"Panxi Region"	a region in Sichuan located at southwest of Chengdu reaching from Panzhihua to Xichang
"Panzhihua Shuhai"	Panzhihua Shuhai Construction Co., Ltd.# (攀枝花蜀海建設工程有限公司), a limited liability company established in the PRC on 26 December 2002
"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 established in the PRC on 9 July 2009
"Pingchuan Mine"	the Pingchuan iron mine which is located in Yanyuan County, Liangshan Prefecture, Sichuan, which has an exploration area of 69.09 sq.km. as set out in the exploration permit
"Renminbi" or "RMB"	the lawful currency of the PRC
"Secured Exchangeable Note Purchase Agreement"	the secured exchangeable note purchase agreement dated 2 May 2011 entered into between the Group and the Issuer pursuant to which the Issuer has conditionally agreed to issue and the Group has conditionally agreed to subscribe the Exchangeable Note on the terms and subject to the conditions set out therein
"Sellers"	collectively, Sichuan Haokun Trading Co., Ltd.* (四川省昊坤貿易有限公司), Sichuan Haihuitian Trading Co., Ltd.* (四川省海匯天貿易有限公司), Chengdu Jiashide Trading Co., Ltd.* (成都佳仕德貿易有限公司) and Chongqing Xinzhou Metallic Material Co., Ltd.* (重慶鑫宙金屬材料有限公司)
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of HK$0.1 each
"Shareholder(s)"	holder(s) of the Share(s)

"Shigou Gypsum Mine"	Shigou gypsum mine located at Hanyuan County, Ya'an City, Sichuan, with a mining area of 0.1228 sq. km.
"Sichuan"	the Sichuan Province of the PRC
"Sichuan Haoyuan"	Sichuan Haoyuan New Materials Co., Ltd.# (四川省浩遠新材料有限公司), a limited liability company established in the PRC on 18 July 2011
"sq.km."	square kilometres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Oriental Mining and Mineral Resources Co., Ltd., a company incorporated in the Cayman Islands on 8 April 2011 and a third party independent of the Company and its connected persons
"titanium concentrate(s)"	concentrate(s) whose main content (by value) is titanium dioxide
"Trisonic International"	Trisonic International Limited (合創國際有限公司), a company incorporated in Hong Kong on 19 July 2006 and a Controlling Shareholder
"Type 331"	measured intrinsic economic resources (Type 331) as defined in the Classification for Resources/Reserves of Solid Fuels and Mineral Commodities
"Type 332"	indicated intrinsic economic resources (Type 332) as defined in the Classification for Resources/Reserves of Solid Fuels and Mineral Commodities
"Type 333"	inferred intrinsic economic resources (Type 333) as defined in the Classification for Resources/Reserves of Solid Fuels and Mineral Commodities
"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 Huili County, Sichuan and operated by Xiushuihe Mining, with a mining area of 0.52 sq.km.
"Xiushuihe Mining"	Huili County Xiushuihe Mining Co., Ltd.* (會理縣秀水河礦業有限公司), a limited liability company established in the PRC on 26 June 2007, an indirect subsidiary of the Company that owns 95.0% equity interest

"Xiushuihe Processing Plant"	the ore processing plant located near 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, an ordinary magnetite mine located in Wenchuan County, Sichuan, formerly an independent exploration region with an area of 8.79 sq.km. covered under the exploration permit of the Yanglongshan Mine, and has been consolidated as the Maoling-Yanglongshan Mine with the 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 and operated by Huili Caitong, with a mining area of 0.25 sq.km.

* *For identification purpose only*

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

Hong Kong, 30 March 2015

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

Website: www.chinavtmmining.com