China Vanadium Titano-Magnetite Mining Company Limited
中國釩鈦磁鐵礦業有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00893)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

For the Reporting Period:

- the Group's revenue was approximately RMB289.4 million for 1H2024 (1H2023: RMB281.4 million);
- the Group recorded a Net Loss of approximately RMB0.2 million for 1H2024 (1H2023: Net Profit of RMB6.1 million);
- given the above, the basic and diluted loss per Share attributable to ordinary equity holders of the Company was approximately RMB0.01 cents for 1H2024 (1H2023: profit per Share attributable to ordinary equity holders of the Company of RMB0.27 cents); and
- the Board does not recommend the payment of an interim dividend for 1H2024 (1H2023: Nil).

The Board hereby announces the unaudited interim condensed financial information of the Group for the Reporting Period together with the comparative information for the corresponding period in 2023 as follows:

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

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3, 4*	**289,357**	281,425
Cost of sales		**(279,597)**	(265,413)
Gross profit		**9,760**	16,012
Other income	*4*	**6,030**	8,626
Selling and distribution expenses		**(827)**	(631)
Administrative expenses		**(9,312)**	(10,928)
Other expenses		**(2,999)**	(4,633)
Reversal of impairment losses on trade receivables		**–**	2,674
Impairment losses on property, plant and equipment		**(137)**	–
Finance costs	*5*	**(3,934)**	(3,591)
Share of results of joint ventures		**1,598**	–
PROFIT BEFORE TAX	*6*	**179**	7,529
Income tax expense	*7*	**(342)**	(1,571)
(LOSS)/PROFIT FOR THE PERIOD		**(163)**	5,958
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(11)**	13
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(174)**	5,971
(Loss)/Profit attributable to:			
Owners of the Company		**(172)**	6,116
Non-controlling interests		**9**	(158)
		(163)	5,958

	Notes	For the six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(183)**	6,129
Non-controlling interests		**9**	(158)
		(174)	5,971
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted			
– For (loss)/profit for the period	*9*	**RMB(0.01) cents**	RMB0.27 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	**30 June 2024** *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**211,805**	209,696
Right-of-use assets	*10*	**21,874**	23,008
Intangible assets	*10*	**820,463**	822,135
Interests in joint ventures		**4,098**	–
Prepayments and other receivables	*11*	**398**	423
Deferred tax assets	*12*	**6,962**	7,219
Total non-current assets		**1,065,600**	1,062,481
CURRENT ASSETS			
Inventories		**19,099**	18,695
Trade and bills receivables	*13*	**174,446**	119,856
Prepayments and other receivables	*11*	**32,882**	95,893
Due from related parties		**5,566**	2,346
Assets classified as held for sale		**294**	–
Pledged deposits		**298**	25
Cash and cash equivalents		**125**	8,038
Total current assets		**232,710**	244,853
CURRENT LIABILITIES			
Trade payables	*14*	**68,638**	71,029
Contract liabilities		**2,358**	8,883
Other payables and accruals		**68,043**	76,706
Interest-bearing bank and other borrowings	*15*	**72,400**	69,600
Due to related parties		**2,743**	2,603
Lease liabilities		**2,203**	2,124
Tax payable		**11,956**	10,687
Total current liabilities		**228,341**	241,632
NET CURRENT ASSETS		**4,369**	3,221
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,069,969**	1,065,702

	Notes	**30 June 2024**	31 December 2023
		RMB'000	*RMB'000*
		(Unaudited)	
NON-CURRENT LIABILITIES			
Due to related parties		**2,286**	2,286
Contract liabilities		**20,000**	20,000
Lease liabilities		**19,948**	21,089
Interest-bearing bank and other borrowings	*15*	**7,063**	12,994
Provision for rehabilitation		**15,566**	15,303
Other payables		**64,978**	53,728
Total non-current liabilities		**129,841**	125,400
Net assets		**940,128**	940,302
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*16*	**197,889**	197,889
Reserves		**448,216**	448,399
		646,105	646,288
Non-controlling interests		**294,023**	294,014
Total equity		**940,128**	940,302

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 (the "Reporting Period") has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the Amendments to IAS 1, Amendments to IAS 7 and IFRS 7, and Amendments to IFRS 16 for the first time for the current period's financial information.

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and products and has four (six months ended 30 June 2023: four) reportable operating segments as follows:

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

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

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

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

The Directors monitor the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income, other expenses, interest on bank and other borrowings, unwinding of discount on mining right payable and share of results of joint ventures are excluded from such measurement.

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

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

For the six months ended 30 June 2024

Segments	High-Fe mining operation *RMB'000* (Unaudited)	Trading *RMB'000* (Unaudited)	Facility management *RMB'000* (Unaudited)	Corporate and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(note 4)*					
Sales to external customers	**50,751**	**228,770**	**9,836**	**–**	**289,357**
Intersegment sales	**–**	**–**	**535**	**–**	**535**
	50,751	**228,770**	**10,371**	**–**	**289,892**
Reconciliation:					
Elimination of intersegment sales					**(535)**
Total revenue					**289,357**
Segment results	**104**	**795**	**1,262**	**(3,610)**	**(1,449)**
Reconciliation:					
Other income					**6,030**
Other expenses					**(2,999)**
Finance costs (other than interest on lease liabilities and provision for rehabilitation)					**(3,001)**
Share of results of joint ventures					**1,598**
Profit before tax					**179**
Other segment information					
Depreciation and amortisation *(note 10)*	**7,076**	**1**	**–**	**350**	**7,427**
Impairment losses on property, plant and equipment	**137**	**–**	**–**	**–**	**137**
Capital expenditure* *(note 10)*	**8,670**	**–**	**–**	**–**	**8,670**

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

As at 30 June 2024

Segments	High-Fe mining operation *RMB'000* (Unaudited)	Trading *RMB'000* (Unaudited)	Facility management *RMB'000* (Unaudited)	Corporate and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment assets	**501,012**	**199,888**	**10,341**	**762,956**	**1,474,197**
Reconciliation:					
Elimination of intersegment receivables					**(183,272)**
Deferred tax assets					**6,962**
Cash and cash equivalents					**125**
Pledged deposits					**298**
Total assets					**1,298,310**
Segment liabilities	**219,984**	**155,247**	**4,283**	**70,521**	**450,035**
Reconciliation:					
Elimination of intersegment payables					**(183,272)**
Interest-bearing bank and other borrowings					**79,463**
Tax payable					**11,956**
Total liabilities					**358,182**

For the six months ended 30 June 2023

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

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

As at 30 June 2023

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

4. REVENUE AND OTHER INCOME

Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June			
	2024		2023	
	RMB'000 **(Unaudited)**	***%***	*RMB'000* (Unaudited)	*%*
Sale of industrial products:				
High-grade iron concentrates	**50,751**	**18.0**	52,395	19.0
Steels	**228,770**	**79.0**	219,738	78.0
Rendering of facility management services	**9,836**	**3.0**	9,292	3.0
	289,357	**100.0**	281,425	100.0

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024

Segments	**High-Fe mining operation** ***RMB'000*** **(Unaudited)**	**Trading** ***RMB'000*** **(Unaudited)**	**Facility management** ***RMB'000*** **(Unaudited)**	**Total** ***RMB'000*** **(Unaudited)**
Type of goods or services				
Sale of high-grade iron concentrates	**50,751**	**–**	**–**	**50,751**
Trading of steels	**–**	**228,770**	**–**	**228,770**
Rendering of facility management services	**–**	**–**	**9,836**	**9,836**
Total revenue from contracts with customers	**50,751**	**228,770**	**9,836**	**289,357**
Geographical markets				
Mainland China	**50,751**	**228,770**	**9,836**	**289,357**
Total revenue from contracts with customers	**50,751**	**228,770**	**9,836**	**289,357**
Time of revenue recognition				
Goods transferred at a point in time	**50,751**	**228,770**	**–**	**279,521**
Services transferred over time	**–**	**–**	**9,836**	**9,836**
Total revenue from contracts with customers	**50,751**	**228,770**	**9,836**	**289,357**

For the six months ended 30 June 2023

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

For the six months ended 30 June 2024

Segments	**High-Fe mining operation** *RMB'000* **(Unaudited)**	**Trading** *RMB'000* **(Unaudited)**	**Facility management** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Revenue from contracts with customers				
Total revenue from contracts with customers	**50,751**	**228,770**	**10,371**	**289,892**
Less: Intersegment adjustments and eliminations	**–**	**–**	**(535)**	**(535)**
Total revenue from contracts with external customers	**50,751**	**228,770**	**9,836**	**289,357**

For the six months ended 30 June 2023

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

Other income

An analysis of other income is as follows:

	For the six months ended 30 June	
	2024 *RMB'000* **(Unaudited)**	2023 *RMB'000* (Unaudited)
Bank interest income	**3**	5
Government grants	**444**	56
Sales of mine tailings	**650**	3,745
Guarantee fee	**4,301**	4,277
Miscellaneous	**632**	543
	6,030	8,626

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expense on bank and other borrowings	**2,008**	2,597
Interest expense on lease liabilities	**558**	588
Unwinding of discount on mining right payable	**993**	–
Unwinding of discount on provision for rehabilitation	**375**	406
	3,934	3,591

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of services provided	**6,876**	7,374
Cost of inventories sold	**272,721**	258,039
Cost of sales	**279,597**	265,413
Auditor's remuneration	**400**	690
Expenses relating to short-term leases (included in administrative expenses)	**126**	85
Foreign exchange (income)/loss, net	**(20)**	223
Impairment losses on property, plant and equipment	**137**	–
Loss on disposal of property, plant and equipment	**–**	20
Write-off of property, plant and equipment	**1,494**	–

7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group was not subject to any income tax in the Cayman Islands and the British Virgin Islands during the six months ended 30 June 2024 and 2023.

Pursuant to the PRC Corporate Income Tax Law, the payers shall pay a 10% withholding tax levied on the income derived from Mainland China on behalf of non-resident enterprises. Therefore, the Company was subject to a withholding tax rate of 10% over the guarantee fee of RMB4,301,000 (six months ended 30 June 2023: RMB4,277,000) during the Reporting Period (note 4).

The provision for the PRC Corporate Income Tax ("CIT") is based on the respective PRC CIT rates applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of Mainland China for the six months ended 30 June 2024 and 2023.

All subsidiaries domiciled in the PRC (the "PRC subsidiaries") were subject to the PRC CIT rate of 25% during the six months ended 30 June 2024 and 2023, except for certain subsidiaries in the PRC which are qualified as Small Low-profit Enterprises and thus entitled to a preferential income tax rate of 20%.

Pursuant to the income tax rules and regulations in Singapore, the Group's subsidiary located in Singapore is liable to Singapore corporate income tax at a rate of 17% on the assessable profits generated for the six months ended 30 June 2024 and 2023.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China charge for the period	**85**	788
Deferred *(note 12)*	**257**	783
Total tax charge for the period	**342**	1,571

8. DIVIDEND

At a meeting of the Directors held on 28 August 2024, the Directors did not recommend an interim dividend for the Reporting Period (six months ended 30 June 2023: Nil).

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

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity holders of the Company for the Reporting Period of RMB172,000 (profit for the six months ended 30 June 2023: RMB6,116,000), and the weighted average number of ordinary shares of 2,249,015,410 (30 June 2023: 2,249,015,410) in issue during the Reporting Period.

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share, as the Group has no dilutive potential ordinary shares during the Reporting Period and prior period.

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

	Property, plant and equipment *RMB'000*	**Right-of-use assets** *RMB'000*	**Intangible assets** *RMB'000*
At 1 January 2024	209,696	23,008	822,135
Additions	8,670	–	–
Transfer to assets classified as held for sale	(294)	–	–
Depreciation/amortisation charged during the period	(4,636)	(1,119)	(1,672)
Write off	(1,494)	–	–
Impairment	(137)	–	–
Exchange realignment	–	(15)	–
At 30 June 2024 (unaudited)	211,805	21,874	820,463

Note:

As at 30 June 2024, the mining right of Maoling-Yanglongshan Mine with a net carrying amount of RMB170,566,000 (31 December 2023: RMB172,226,000) has been pledged to secure the Group's bank loans of RMB69,600,000 (31 December 2023: RMB69,600,000) (note 15(a)).

11. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000*
Current portion:		
Prepayments consisting of:		
Purchase of raw materials and trading supplies	**27,371**	91,650
Utilities	**303**	251
Other prepayments	**474**	296
Other receivables consisting of:		
Deductible value added tax input	**687**	560
Other receivables	**4,653**	3,742
	33,488	96,499
Impairment allowance	**(606)**	(606)
	32,882	95,893
Non-current portion:		
Prepayment for the maintenance of a road	**398**	423
	33,280	96,316

12. DEFERRED TAX

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

	Losses available for offsetting against taxable profits *RMB'000*	Excess tax depreciation over book value of fixed assets *RMB'000*	Provision for rehabilitation *RMB'000*	Provision for impairment *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2024	2,109	2,772	783	765	790	7,219
Deferred tax credited/ (charged) to profit or loss during the period *(note 7)*	–	(460)	153	35	15	(257)
At 30 June 2024 (unaudited)	2,109	2,312	936	800	805	6,962

As at 30 June 2024, the Group has tax losses arising from Mainland China of RMB408,501,000 (31 December 2023: RMB408,220,000) that would expire in one to five years and other deductible temporary differences of RMB112,153,000 (31 December 2023: RMB112,153,000) that were available for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as it is not considered probable that taxable profits will be available against which they can be utilised.

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

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

As at 30 June 2024, no deferred tax liability has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

13. TRADE AND BILLS RECEIVABLES

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000*
Trade receivables	**168,209**	100,290
Bills receivable	**6,237**	19,566
	174,446	119,856

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

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000*
Within 3 months	**168,130**	100,290
3 to 6 months	**79**	–
	168,209	100,290

Transfers of financial assets

The Group endorsed bank acceptance bills to its suppliers for settling trade payables of the same amounts on a full recourse basis. All bank acceptance bills had a maturity term from one to six months at the end of the Reporting Period.

Transferred financial assets that are derecognised in their entirety

As at 30 June 2024, the Group endorsed certain bills receivable accepted by banks with high credit quality 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 RMB793,000 (31 December 2023: RMB3,595,000) (referred to as the "Derecognised Bills"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables.

The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills 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.

No gains or losses were recognised from the Continuing Involvement, both during the Reporting Period and cumulatively. The endorsement of bills receivable has been made evenly throughout the Reporting Period.

Transferred financial assets that are not derecognised in their entirety

The other bank acceptance bills with a total carrying amount of RMB6,237,000 endorsed by the Group to its suppliers as at 30 June 2024 (31 December 2023: RMB19,566,000) to settle trade payables of the same amounts, were not derecognised. In the opinion of the Directors, the Group retained substantially all risks and rewards of these bank acceptance bills, and accordingly, it continued to recognise the full carrying amounts of these bills receivable and the associated liabilities.

14. TRADE PAYABLES

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	
Within 180 days	**48,168**	63,649
181 to 365 days	**14,135**	1,348
1 to 2 years	**517**	1,608
2 to 3 years	**1,439**	2,149
Over 3 years	**4,379**	2,275
	68,638	71,029

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	**30 June 2024**	31 December 2023
		RMB'000	*RMB'000*
		(Unaudited)	
Bank loans – Secured	*(a)*	**69,600**	69,600
Bank loans – Unsecured		**2,800**	–
Other borrowings – Unsecured	*(b)*	**7,063**	12,994
		79,463	82,594
Analysed into:			
Bank loans repayable:			
Within one year		**72,400**	69,600
Other borrowings repayable:			
In the second year		**7,063**	12,994
Total bank and other borrowings		**79,463**	82,594
Balances classified as current liabilities		**(72,400)**	(69,600)
Balances classified as non-current liabilities		**7,063**	12,994
Bank loans		**3.90%-5.00%**	5.00%
Other borrowings		**4.00%-5.00%**	4.00%-5.00%

Notes:

(a) As at 30 June 2024, the bank loans of RMB69,600,000 (31 December 2023: RMB69,600,000) are secured by:

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

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

(b) The balance as at 30 June 2024 represents long-term loans granted by an independent third party to Aba Mining.

16. ISSUED CAPITAL

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000*
Amounts:		
Issued and fully paid ordinary shares of HKD0.1	**197,889**	197,889
Number of ordinary shares:		
Authorised ordinary shares of HKD0.1	**10,000,000,000**	10,000,000,000
Issued and fully paid ordinary shares of HKD0.1	**2,249,015,410**	2,249,015,410

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

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

- For 1H2024, the global economic environment faced significant challenges, including geopolitical tensions, trade fragmentation, high interest rates, and climate-related disasters. Due to inflationary pressures, central banks worldwide are expected to exercise caution in loosening monetary policies. Global economic growth has slowed for three consecutive years from 2021 to 2023 and is projected to stabilize at 2.6% in 2024.

- According to the National Bureau of Statistics of China, China's Gross Domestic Product ("GDP") grew by 5.0% year-over-year in 1H2024, in line with the Chinese Government's annual target. However, the real estate industry contracted, negatively impacting overall GDP performance. The World Bank projects China's GDP growth at 4.8% in 2024, an upward revision of 0.3 percentage points from the forecast in December 2023, driven by stronger-than-expected exports. Despite robust manufacturing, infrastructure investments, and service consumption, the real estate market issues continue to constrain domestic demand growth.

- In 1H2024, the Chinese steel industry experienced a structural transformation, balancing steel usage between the construction and manufacturing sectors. The Chinese government's *Special Action Plan for Energy Saving and Carbon Reduction in the Steel Industry** 《鋼鐵行業節能降碳專項行動計劃》led to a decline in crude steel production, reaching 531.0 million tonnes by June 2024, a 1.1% year-over-year decrease. Steel demand remained weak, contributing to a slight decline in prices, with the Chinese Steel Price Index dropping by 4.6% from January to May 2024. The crude steel production may continue to decline in 2H2024, compared to the previous year. Due to the excessive capacity, national dual-carbon goals, the advent of the traditional off-season of consumption in China, coupled with the persistent adverse weather conditions in the southern China, demand is likely to be further weakened, leading to continued fluctuations in steel prices.

- The Iron Ore Price Index compiled by the Mysteel Group, showed a persistent downward trend in 1H2024, peaking in January 2024 at 1,138.5 and hitting its lowest point in March 2024 at 818.8 before partially recovering in May 2024 to 968.3 and declining again in June 2024 to 874.4. The overall decrease of 23.2% was driven by the sluggish market demand in the real estate industry, leading to an increase in iron ore inventories and subsequent price pressure. Prices are expected to continue to decline in 2H2024 due to high inventory levels, crude steel production control measures in place, the implementation of carbon reduction policies, changes in demand of end-user, and macroeconomic policy expectations.

- Meanwhile, the Chinese Purchasing Managers' Index ("PMI") experienced an upward trend and peaked at 52.7 in March 2024, followed by a decline back to 50.5 in June 2024. The index consistently remained above the critical threshold of 50.0 in 1H2024. Overall economic output continued to show signs of expansion, with businesses maintaining recovery and development progress in their production and operations. Notably, the PMI for the Chinese steel sector was 47.8 in June 2024, significantly lagging behind the overall PMI, indicating that the steel industry was under pressure and experiencing a slowdown.

- The *Steady Growth Working Plan for China Steel Industry** 《鋼鐵行業穩增長工作方案》and the *Work Plan for Digital Transformation of the Raw Materials Industry (2024-2026)** 《原材料工業數字化轉型工作方案(2024-2026年)》set development goals for optimizing the steel industry's environment and structure, focusing on digital transformation and carbon reduction. Additionally, the *Special Action Plan for Energy Saving and Carbon Reduction in the Steel Industry** 《鋼鐵行業節能降碳專項行動計劃》issued in May 2024 outlined the main goals of energy conservation and carbon reduction in the steel industry, promoting the industry's green, low-carbon, and high-quality development. These policies reflect the Chinese government's commitment to a high-end, intelligent, and green development trajectory.

- According to the *Research Report on China's Top 100 Property Management Enterprises in 2024** 《2024中國物業服務百強企業研究報告》, by the China Index Academy, the property management industry in China has continued to focus on improving service quality, optimising operational models, and enhancing market competitiveness. Despite revenue growth, profit margins declined.

- The *Summary of China's Property Management Industry in 1H2024 and Outlook in 2H2024** 《2024上半年中國物業管理市場總結&下半年趨勢展望》forecasts a slowdown in industry growth due to the real estate market issues. Moving forward, the property management industry is expected to focus on integrated facility management ("IFM") services, with fee standards estimated to be much higher than those for residential properties. It is projected that the demand for IFM services will increase from RMB762.2 billion in 2023 to RMB1,069.9 billion in 2026, with a compound annual growth rate of 14.07%. Green property management is also a key focus for future development, aligning with environmental, social, and governance requirements and government initiatives for sustainable development.

BUSINESS AND OPERATIONS REVIEW

Operation and Financial Overview

During the Reporting Period, the Group's revenue increased as a result of higher trading volume, higher average selling price for high-grade iron concentrates and expanded service scopes for facility management. However, this was offset by lower sales volume from the High-Fe Mining Operations, which was also affected by higher operating costs. The Group noted that the overall market sentiment remained weak.

Specifically, compared to 1H2023:

- the production and sales volume of high-grade iron concentrates decreased by approximately 15.4% and 16.4%, respectively;

- the average selling price for high-grade iron concentrates increased by approximately 16.0%;

- the average unit cost of production for high-grade iron concentrates increased by approximately 37.2%; and

- the steel trading volume increased by approximately 8.1% to approximately 70.4Kt in 1H2024, with a decrease in average selling price by 3.7%.

Meanwhile, the Group's revenue from facility management increased to approximately RMB9.8 million for 1H2024, compared to approximately RMB9.3 million in 1H2023, due to expansion of service scopes. Additionally, the Group shared maiden profits from its joint ventures that provide industrial facilities management services.

Overall, the Group's gross margin fell, and recorded a lower gross profit of approximately RMB9.8 million for 1H2024, compared to approximately RMB16.0 million for 1H2023, while administrative expenses decreased to approximately RMB9.3 million, compared to approximately RMB10.9 million in 1H2023. Consequently, the Group reported a marginal Net Loss of approximately RMB0.2 million for 1H2024.

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

Overview of Mines

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

Mines	Processing Plant	Status as at 30 June 2024
Maoling-Yanglongshan Mine	Maoling Processing Plant	Producing iron concentrates of high Fe contents *(within the range of 65% TFe to 72% TFe)*
Shigou Gypsum Mine	N/A	Optimising development and mining plans

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

	Purchase from independent third parties			**Sale to independent third parties**		
	1H2024 ***(Kt)***	1H2023 *(Kt)*	Change *%*	**1H2024** ***(Kt)***	1H2023 *(Kt)*	Change *%*
(i) Trading Sales						
Steels	**70.4**	65.1	8.1	**70.4**	65.1	8.1

	Production volume (Dry basis)			**Sales volume (Dry basis)**		
	1H2024 ***(Kt)***	1H2023 *(Kt)*	Change *%*	**1H2024** ***(Kt)***	1H2023 *(Kt)*	Change *%*
(ii) Sale of Self-produced Products						
High-grade iron concentrates	**44.5**	52.6	(15.4)	**44.8**	53.6	(16.4)

Business Risks and Uncertainties

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

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

- **Price fluctuations and market sentiment** – price fluctuations of iron concentrates, variations in capacity utilisation rates, and shifts in market sentiment influenced by geopolitical tensions and demand changes may result in re-assessment of the valuation of the intangible assets (in relation to exploration and/or mining rights), potentially leading to impairment losses due to decreased value-in-use and reduced economic returns as may be derived from the related cash-generating units;

- **Regulatory changes** – changes in government policies, laws and regulations in the PRC may affect the Group's operational practices and/or result in additional compliance costs;

- **Credit risk exposure** – weak market demand, challenging business environment and real estate crisis may lead to more stringent terms and restrictive financial covenants being imposed by financiers on any corporate refinancing and debts restructuring plans, as applicable. Such conditions could further result in liquidity crunch and exacerbate credit risk conditions, which could potentially lead to broader industry spillovers;

- **Strategy implementation and resource allocation** – delays or deviations in executing growth and transformation strategies, or in reallocating resources, may affect the Group's operational efficiency and financial results; and

- **Guarantee obligations** – the outcomes of ongoing litigations against the Company's former subsidiaries for indebtedness owing to certain financial institutions, on which the Company has provided corporate guarantees, remain uncertain, which may require the Company to take further legal actions and vigorously pursue its rights against the former subsidiaries or other parties if it suffers any financial losses arising from such guarantees.

FINANCIAL REVIEW

	1H2024	1H2023	Variance
	RMB'000	*RMB'000*	*%*
Revenue	**289,357**	281,425	2.8
Cost of sales	**(279,597)**	(265,413)	5.3
Gross profit	**9,760**	16,012	(39.0)
Other income	**6,030**	8,626	(30.1)
Selling and distribution expenses	**(827)**	(631)	31.1
Administrative expenses	**(9,312)**	(10,928)	(14.8)
Other expenses	**(2,999)**	(4,633)	(35.3)
Reversal of impairment losses, net	**–**	2,674	(100.0)
Impairment losses on property, plant and equipment	**(137)**	–	N/M
Finance costs	**(3,934)**	(3,591)	9.6
Share of results from joint ventures	**1,598**	–	N/M
Operating profit before tax	**179**	7,529	(97.6)
Income tax expense	**(342)**	(1,571)	(78.2)
(Loss)/Profit for the period	**(163)**	5,958	(102.7)
Other Comprehensive (Loss)/Income			
Exchange differences on translation of foreign operations	**(11)**	13	(184.6)
Total comprehensive (loss)/income for the period	**(174)**	5,971	(102.9)
ATTRIBUTABLE TO:			
Owners of the Company	**(183)**	6,129	(103.0)
Non-controlling interests	**9**	(158)	(105.7)
	(174)	5,971	(102.9)

Revenue

Revenue increased to approximately RMB289.4 million for 1H2024 (1H2023: RMB281.4 million), mainly driven by higher trading volume, higher average selling price for high-grade iron concentrates and expanded service scopes for facility management. However, this was offset by lower sales volume from the High-Fe Mining Operations, which was affected by sluggish demand as a result of weak market sentiment across various sectors.

Cost of Sales

Cost of sales mainly comprises environment compliance cost, contracting fees for mining and stripping as well as costs of materials, labour, power and other utilities, repair and maintenance, depreciation and amortisation, and trading purchase.

For 1H2024, cost of sales increased to approximately RMB279.6 million (1H2023: RMB265.4 million), mainly driven by higher production costs, increased material costs, high utilities, and environmental compliance costs.

Gross Profit and Margin

The Group recorded a lower gross profit of approximately RMB9.8 million for 1H2024 (1H2023: RMB16.0 million). This was primarily attributed to higher production costs from the High-Fe Mining Operations as explained above and lower economies of scale. As a result, the Group's gross profit margin decreased to approximately 3.4% for 1H2024 (1H2023: 5.7%).

Other Income

Other income decreased to approximately RMB6.0 million for 1H2024 from approximately RMB8.6 million for 1H2023 primarily due to lower proceeds from the sale of mine tailings, which fell to approximately RMB0.7 million (1H2023: RMB3.7 million) mainly due to weak downstream demand. Other income includes guarantee fee income of RMB4.3 million (1H2023: RMB4.3 million).

Selling and Distribution Expenses

Selling and distribution expenses, which comprise mainly delivery, logistics, storage and warehousing costs, increased to approximately RMB0.8 million for 1H2024 (1H2023: RMB0.6 million) due primarily to higher costs for mine tailings storage.

Administrative Expenses

Administrative expenses, which comprise mainly staff related expenses, professional fees and other fixed operating overheads (including those associated with production disruption and suspension), decreased to approximately RMB9.3 million for 1H2024 (1H2023: RMB10.9 million), as a result of cost control measures adopted by the Group.

Other Expenses

Other expenses, which comprise primarily cost of processing for mine tailings, decreased to approximately RMB3.0 million for 1H2024 (1H2023: RMB4.6 million) due mainly to a lower processing volume of mine tailings given lower production volume of high-grade iron concentrates.

Impairment Losses on Trade Receivables

For 1H2024, there was no impairment loss (or such reversal) on trade receivables (1H2023: reversal of impairment losses of approximately RMB2.7 million).

Finance Costs

Finance costs, which comprise mainly the cost of funds and/or interests for working capital loans, interest on lease liabilities, and the accounting effects for unwinding of discount on reclamation obligations and long-term payables, increased by approximately 9.6% to approximately RMB3.9 million for 1H2024 (1H2023: RMB3.6 million). The increase was primarily due to the accounting effects for unwinding of discount on mining right payable to the government associated with the resource integration process of the Maoling-Yanglongshan Mine amounting to approximately RMB1.0 million (1H2023: Nil), in accordance with IFRS 9 – Financial Instruments.

Share of Results from Joint Ventures

The Group recorded approximately RMB1.6 million for 1H2024 from its share of maiden profits from joint ventures, which provide industrial facilities management services.

Income Tax Expenses

The Group recorded lower income tax expenses of approximately RMB0.3 million for 1H2024 (1H2023: RMB1.6 million).

Net (Loss)/Profit

Given the above, the Group recorded a Net Loss of approximately RMB0.2 million for 1H2024 (1H2023: Net Profit of RMB6.1 million).

Interim Dividend

The Board does not recommend any interim dividend for 1H2024 (1H2023: Nil).

LIQUIDITY AND CAPITAL RESOURCES

The following table sets out certain information regarding the Group's interim consolidated statement of cash flows for 1H2024 and 1H2023:

	1H2024		1H2023	
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents as stated in the interim consolidated statement of cash flows at beginning of the period		**8,038**		9,357
Net cash flows from operating activities	**22,281**		60,282	
Net cash flows used in investing activities	**(22,870)**		(55,286)	
Net cash flows used in financing activities	**(7,312)**		(10,295)	
Net decrease in cash and cash equivalents		**(7,901)**		(5,299)
Effect of foreign exchange rate changes, net		**(12)**		9
Cash and cash equivalents as stated in the interim consolidated statement of cash flows at end of the period		**125**		4,067

Net Cash Flows from Operating Activities

The Group's net cash flows from operating activities were approximately RMB22.3 million for 1H2024 (1H2023: RMB60.3 million) after accounting for (i) operating income before working capital changes of approximately RMB11.6 million (1H2023: RMB15.8 million); (ii) positive working capital changes of approximately RMB11.2 million (1H2023: RMB45.5 million); and (iii) income tax payment of approximately RMB0.5 million (1H2023: RMB1.1 million).

Net Cash Flows Used in Investing Activities

The Group's net cash flows used in investing activities were approximately RMB22.9 million for 1H2024 (1H2023: RMB55.3 million) due mainly to (i) the capital expenditures of approximately RMB20.3 million for engineering and preparatory works on site for progressive upgrade and expansion of the High-Fe Mining Operations; and (ii) capital injection in one of the joint venture companies amounting to RMB2.5 million.

Net Cash Flows Used in Financing Activities

The Group's net cash flows used in financing activities were approximately RMB7.3 million for 1H2024 (1H2023: RMB10.3 million), due primarily to (i) net repayments of bank and other borrowings of approximately RMB3.1 million; (ii) interest payments of approximately RMB2.3 million for working capital loans; and (iii) lease payments of approximately RMB1.6 million.

FINANCIAL POSITION

Intangible Assets

The Group's intangible assets, which primarily comprise concession rights of the Maoling-Yanglongshan Mine amounting to approximately RMB170.8 million (FY2023: RMB172.4 million) and Shigou Gypsum Mine amounting to approximately RMB649.7 million (FY2023: RMB649.7 million).

Inventories

The Group's inventories, comprise raw materials, stocks and consumables in relation to the High-Fe Mining Operations, remained relatively unchanged at approximately RMB19.1 million as at 30 June 2024 (FY2023: RMB18.7 million).

Trade and Bills Receivables

The Group's trade and bills receivables increased to approximately RMB174.4 million as at 30 June 2024 (FY2023: RMB119.9 million). The overall debtor turnover days were approximately 92 days (FY2023: 76 days). During 1H2024, the Group experienced longer cash collection cycles as customers negotiated for extended credit terms amid challenging business environment. The trade receivables have substantially been collected subsequent to the Reporting Period, while the remaining balance, which falls within the credit period, is expected to be collected within the third quarter of 2024.

Prepayments and Other Receivables

The Group's prepayments and other receivables decreased to approximately RMB33.3 million as at 30 June 2024 (FY2023: RMB96.3 million) as the Group negotiated for lower prepayments to suppliers amidst challenging operating environment, as part of its supply chain management.

Trade Payables

The Group's trade payables decreased to approximately RMB68.6 million as at 30 June 2024 (FY2023: RMB71.0 million) due to lower purchase volume. The overall creditor turnover days were approximately 45 days (FY2023: 26 days) as the Group negotiated for longer credit periods.

Borrowings

The Group's borrowings decreased to approximately RMB79.5 million as at 30 June 2024 (FY2023: RMB82.6 million), due to net repayments of working capital loans during 1H2024. As at 30 June 2024, all borrowings were denominated in RMB. Details of the borrowings of the Group are set out in note 15 to the Interim Condensed Consolidated Financial Information of this announcement.

Lease Liabilities

The total lease liabilities of the Group of approximately RMB22.2 million as of 30 June 2024 (FY2023: RMB23.2 million) represents payment obligations related to the right-of-use assets for (i) office premises; (ii) mine tailings facilities; and (iii) storage facility for mine tailings.

Contingent Liabilities and Financial Guarantees

Financial guarantees for former subsidiaries prior to the 2019 Disposal

The Company has provided the CVT Guarantees in favour of the Financial Institutions guaranteeing the loan facilities of Huili Caitong and Xiushuihe Mining with a maximum aggregate guaranteed amount of RMB730.0 million. The amount guaranteed under the CVT Guarantees as at 30 June 2024 was RMB690.0 million (FY2023: RMB690.0 million). As at 30 June 2024, a principal amount of approximately RMB506.6 million (FY2023: RMB506.6 million) remained outstanding under such loan facilities. The CVT Guarantees had been provided by the Company prior to the 2019 Disposal to guarantee the indebtedness of Huili Caitong and Xiushuihe Mining owed to the Financial Institutions. Those debts have not been fully repaid and the CVT Guarantees continued after the 2019 Completion. In connection with the CVT Guarantees, the Company and Chengyu Vanadium Titano (the parent company of both Huili Caitong and Xiushuihe Mining) entered into the 2019 Counter Indemnity for the provision of counter-indemnity by Chengyu Vanadium Titano in favour of the Company in respect of the Company's contingent liabilities and potential claims under the CVT Guarantees.

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

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

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

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

In response to the CVT Guarantees amidst the increasingly higher credit risk environment, the Company has engaged legal advisor in the PRC and conducted its own internal assessment with respect to the CVT Guarantees, including assessment of the adequacy of the Master Guarantee Agreement which was entered into between the Company and Chengyu Vanadium Titano, the parent company of Huili Caitong, on 16 May 2022 for the provision of counter-indemnity by Chengyu Vanadium Titano in favour of the Company under the 2022 Counter Indemnity, which allows the Company to claim against Chengyu Vanadium Titano directly for any payments, losses and expenses incurred as a result of the CVT Guarantees.

Further to the above and with reference to the Company's announcements dated 28 March 2024, 19 June 2024, 19 August 2024, and 21 August 2024, each of CCB and ICBC has commenced legal proceedings against Huili Caitong and Xiushuihe Mining, in relation to the settlement of the CCB Indebtedness Amount, the ICBC-Caitong Indebtedness Amount and the ICBC-Xiushuihe Indebtedness Amount. Under the CVT Guarantees, the Company will have to fulfil its corporate guarantee obligations in relation to the CCB Indebtedness Amount and the ICBC Indebtedness Amounts.

As disclosed in those announcements, Huili Caitong was ordered by the Courts, among others, to repay the CCB Indebtedness Amount. As the Company had provided corporate guarantees prior to the disposal of the Caitong Group in 2019, the Courts also set out that the Company is required to fulfil its corporate guarantee obligations under the CVT Guarantees. As of the date of this announcement, Huili Caitong and Xiushuihe Mining have not received any judgements in relation to the ICBC-Caitong Litigation and the ICBC-Xiushuihe Litigation.

In response to the litigations and the CVT Guarantees, the Company had on 18 June 2024 and 19 August 2024, served the CVT Legal Demands against the Huili Caitong Parties demanding, among others:

- Huili Caitong and Xiushuihe Mining, to repay the CCB Indebtedness Amount and the ICBC Indebtedness Amounts, respectively and/or to proactively engage discussions with CCB and ICBC, including but not limited to explore potential options for settlements and/or debts restructuring, as applicable and if so required;

- to expedite and create an additional charge in favour of the Company against the operating assets of the Huili Caitong Parties, including the pledged operating assets for which pre-existing charge has been created in favour of any other chargee(s), as applicable. Subject to the consent of the pre-existing chargee(s), the Huili Caitong Parties shall (i) take all necessary actions and sign all required documentation to facilitate and/or give effect to the creation of the proposed additional charge; and (ii) ensure that this proposed additional charge does not affect the Company's existing rights, remedies and entitlements which the Company may claim against Chengyu Vanadium Titano under the 2022 Counter Indemnity; and

- Chengyu Vanadium Titano to perform, satisfy and fulfil its obligations under the 2022 Counter Indemnity which covers the Company's contingent liabilities and potential claims under the Master Guarantee Agreement, including (i) the CCB Indebtedness Amount and the ICBC Indebtedness Amounts; (ii) all costs incurred by the Company for effecting its rights under the 2022 Counter Indemnity; and (iii) any other cost which shall be borne by Chengyu Vanadium Titano should the Company suffer any financial losses arising from the CVT Guarantees.

As at the date of this announcement, the Company has received written confirmations:

- from Chengyu Vanadium Titano that it will continue to fulfil its obligations under the Master Guarantee Agreement; and

- from the Huili Caitong Parties that they have agreed to take all necessary actions and sign all required documentation to facilitate, expedite and/or give effect to the creation of the proposed additional charge, subject to the consent of the first chargee.

The Company reasonably believes that the indicative market value and the indicative forced sale value (as estimated for an uncontrollable event) of the operating assets of the Huili Caitong Parties (on which the Company's request to create an additional charge has been made thereon) remains higher than the CCB Indebtedness Amount and the ICBC Indebtedness Amounts.

The proposed additional charge in favour of the Company against the operating assets of the Huili Caitong Parties serves as further measures to confer protection and safeguard the interest of the Company should there be a need for the Company to further substantiate its priority of claims in an uncontrollable event.

Having considered (i) the financial positions of both Huili Caitong and Xiushuihe Mining (including the indicative market values of their operating assets) as at 30 June 2024; (ii) the adequacy of the transaction contemplated under the Master Guarantee Agreement, including the latest independent valuation report dated 26 July 2024 in relation to the value of inventories pledged in favour of the Company thereunder remained substantially higher than the maximum guarantee amount as at 30 June 2024; and (iii) other currently available information to the Group, the Group does not expect the above matter to have material impact on its business operations and financial position as at the date of this announcement save for the additional administrative expenses (including legal and other professional fees) as may be incurred by the Company.

Financial guarantees for a joint venture company

During 1H2024, Sichuan Shengjiawei secured a two-year working capital loan of RMB4.9 million at an interest rate of 7.5% per annum from a financial institution in the PRC (the "JV Loan"). Sichuan Lingwei and its joint venture partner, Neijiang Shengchuan, have in accordance with their respective shareholding in Sichuan Shengjiawei, effectively guaranteed the full repayment of the JV Loan (including interest and related charges) when it falls due. The JV Loan is further supported and secured by a guarantee from a state-backed financing guarantee company.

The principal amount of the JV Loan, as effectively guaranteed by Sichuan Lingwei based on its shareholding in Sichuan Shengjiawei, represents approximately 0.26% of the Group's net assets as at 30 June 2024.

Having considered the financial and operating status of Sichuan Shengjiawei as at 30 June 2024, the Group did not record any contingent liabilities and financial guarantees as at 30 June 2024 in relation to the abovementioned guarantee provided by Sichuan Lingwei.

Save for the above, as at 30 June 2024, the Group did not have any other material contingent liabilities and financial guarantees.

Pledge of Assets

The Group's pledge of assets as at 30 June 2024 was related mainly to a bank loan of RMB69.6 million granted to Aba Mining, which was secured by (i) the mining right of the Maoling-Yanglongshan Mine; and (ii) 100% equity interest of Aba Mining held by Sichuan Lingyu.

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

Except as disclosed elsewhere in this management discussion and analysis and the Interim Condensed Consolidated Financial Information for 1H2024, there were no other significant investments held and/or committed by the Company, nor were there any other material acquisitions or disposals of subsidiaries, associates and joint ventures during 1H2024.

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

Foreign Currency Risk

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

The RMB is not freely convertible. There is a risk that the Chinese government may take actions affecting exchange rates which may have a material adverse effect on the Group's net assets, earnings and any dividends it declares if such dividend is to be exchanged or converted into foreign currencies.

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

Interest Rate Risk

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

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

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

Capital Expenditures

The Group's total capital expenditures decreased by approximately RMB86.1 million to approximately RMB8.7 million (1H2023: RMB94.8 million) mainly due to the Group's recognition of costs associated with the resource integration process of the Maoling-Yanglongshan Mine, including costs incurred for the engineering works performed in preparation for the progressive upgrade and expansion of the High-Fe Mining Operations in the corresponding period. During the Reporting Period, no significant capital expenditures of a similar nature were incurred.

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 lease liabilities, net of cash and cash equivalents and it excludes liabilities incurred for working capital purpose. Equity includes equity attributable to owners of the Company and non-controlling interests. As of 30 June 2024, the gearing ratio increased to approximately 9.7% (FY2023: 9.4%).

OTHER SIGNIFICANT EVENTS

Litigations Involving Former Subsidiaries

References are made to the announcements of the Company dated 28 March 2024, 19 June 2024, 19 August 2024, and 21 August 2024, each of CCB and ICBC has commenced legal proceedings against Huili Caitong and Xiushuihe Mining, in relation to the settlement of the CCB Indebtedness Amount, the ICBC-Caitong Indebtedness Amount and the ICBC-Xiushuihe Indebtedness Amount. As the Company had provided corporate guarantees prior to the disposal of the Caitong Group in 2019, the Company is required to fulfil its corporate guarantee obligations under the CVT Guarantees.

Please refer to the section titled "Contingent Liabilities and Financial Guarantees - Financial guarantees for former subsidiaries prior to the 2019 Disposal" for further details.

Underground safety incident in the Maoling-Yanglongshan Mine

As announced by the Company on 22 July 2024, a main subcontractor for Aba Mining reported an incident that resulted in a fatal casualty of an employee of the subcontractor, when it performed an underground scaling operation at the Maoling-Yanglongshan Mine. For safety reasons and in order to facilitate a thorough investigation of the incident, the Group has temporarily suspended the entire operations at the Maoling-Yanglongshan Mine.

As at the date of this announcement, the operations at the Maoling-Yanglongshan Mine remains temporarily suspended and the management will continue to monitor the situation and follow up on the investigation outcomes prior to being able to resume operations.

Please refer to the Company's announcement dated 22 July 2024 for further details.

OUTLOOK

While China's 2Q2024 growth slowed to 4.7% year-on-year, geopolitical uncertainty persists, the economic landscape remains complex and challenging. The deepening real estate crisis and subdued domestic consumption have prompted significant reliance on potential stimulus plans and fiscal policies to boost economic activities and prevent another downturn. In response, China's central government may increase spending and investments in infrastructure, rural rejuvenation, and the fields of new materials and technologies going forward, perhaps at a slower pace.

Looking ahead, the Group anticipates a continued challenging operating environment due to ongoing global economic uncertainties and fluctuating market conditions. While the overall market sentiment remains cautious, there are several factors that may influence the Group's performance.

The outlook for High-Fe Mining Operations in the near term remains challenging, primarily due to persistent overcapacity and subdued demand. These factors have driven down selling prices, creating a challenging economic environment for producers. Simultaneously, rising production costs continue to exert additional pressure on profit margins, further affecting financial performance.

Additionally, the said operations remain temporarily suspended for safety reasons and to facilitate further investigation into the incident related to the main subcontractor. The Group's top priority is to ensure that relevant investigations can be thoroughly conducted and corrective actions can be implemented on site to prevent recurrence of such incident so that all labourers and contractors could resume work in a safe manner. However, if the work resumption process takes longer than expected, the Group's financials will be adversely affected.

Whilst the Group has been trying to streamline its production processes and cost structures for its High-Fe Mining Operations amidst a challenging operating environment, market conditions may continue to deteriorate as many industries are still struggling to cope with overcapacity issues. If overall demand remains sluggish, the Group's facilities may face suboptimal utilisation, prompting further reviews of its business projections, accounting assumptions and underlying assets' value.

In the meantime, we observe that mining and industrial facilities management services continue to be operationally relevant as the Group extends its scope and diversifies its revenue streams. While the Group has adopted a more cautious approach in expanding this segment, its joint venture has just reported maiden profits.

Against this backdrop, the Group remains hopeful of a meaningful recovery in economic activities and improvement in business cycles, albeit slowly and progressively.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 June 2024, the number of employees of the Group was 323 (30 June 2023: 330). For 1H2024, employee benefit expenses (including Directors' remuneration in the form of fees, salaries and other allowances) were approximately RMB14.4 million (1H2023: approximately RMB17.4 million).

The emolument policies of the Group are based on performance, experience, competence and market comparable. Remuneration packages generally comprise salary, housing allowance, contribution to pension schemes and discretionary bonus relating to the performance of the Group. The Group has also adopted a share option scheme for its employees, providing incentives and rewards to eligible participants with reference to their respective contribution to the Group. Proper training programmes were implemented in order to promote employees' career development and progression within the Group.

CORPORATE GOVERNANCE

The Company has adopted the CG Code as its own code of corporate governance. The Board is of the view that during the Reporting Period, the Company has complied with all the applicable code provisions under the CG Code, except for the following deviation:

- Code provision B.2.4(b) of the CG Code provides that where all the independent non-executive directors of an issuer have served more than nine years on the Board, the issuer should appoint a new independent non-executive director at the forthcoming annual general meeting. During the Reporting Period, Mr. Yu Haizong, Mr. Liu Yi and Mr. Wu Wen have each served for a period of more than 9 years on the Board since the date of their first appointment on 4 September 2009, 4 September 2009 and 1 November 2014, respectively. The Company and the nomination committee are in the process of identifying a new independent non-executive director to ensure compliance with the requirements under code provision B.2.4(b) of the CG Code and will make the necessary announcement in due course when such appointment has been confirmed. In evaluating the potential candidate for such appointment, the Company will also consider the gender diversity policy, as explained below.

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

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

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

REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Disclosure of financial information in this announcement complies with Appendix D2 to the Listing Rules. The audit committee has discussed risk management and internal control affairs and reviewed the Company's interim results for the Reporting Period, and the audit committee is of the view that the Company's interim results for the Reporting Period has been prepared in accordance with the applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

The Board has approved and authorised to issue the interim condensed consolidated financial information of the Company for the six months ended 30 June 2024 on 28 August 2024.

EVENTS AFTER THE END OF REPORTING PERIOD

Save as disclosed elsewhere in this announcement, since 30 June 2024 and up to the date of this announcement, no significant events affecting the Group have taken place.

Please refer to the section titled "Management Discussion and Analysis – Other Significant Events" for further details.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

The interim results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.chinavtmmining.com). The interim report for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be dispatched to the Shareholders (if requested) and made available on the above websites in due course.

GLOSSARY

"1H2023"	the six months ended 30 June 2023
"1H2024" or "Reporting Period"	the six months ended 30 June 2024
"2019 Completion"	completion of the 2019 Disposal on 30 July 2019
"2019 Counter Indemnity"	a moveable asset pledge contract entered into between Chengyu Vanadium Titano and the Company on 30 July 2019 for the provision of counter-indemnity by Chengyu Vanadium Titano in favour of the Company in respect of the Company's liabilities and claims under the CVT Guarantees (if any), and the pledge of the Chengyu Vanadium Titano's inventories (including but not limited to structural steels, coals, etc) as security for such counter indemnity
"2019 Disposal"	the sale transaction of the Caitong Group from Sichuan Lingyu to Chengyu Vanadium Titano which was entered into on 29 January 2019 and completed on 30 July 2019
"2022 Counter Indemnity"	the counter indemnity agreement entered into between Chengyu Vanadium Titano and the Company on 16 May 2022 for the provision of counter-indemnity by Chengyu Vanadium Titano in favour of the Company in respect of the Company's contingent liabilities and potential claims covered under the Master Guarantee Agreement (if any), and the pledge of Chengyu Vanadium Titano's inventories (comprising structural steels and iron ores, or any other assets approved by the Company) as security for such counter-indemnity
"2H2024"	the six months ending 31 December 2024
"2Q2024"	the three months ended 30 June 2024
"Aba Mining"	Aba Mining Co., Ltd.*, a limited liability company established in the PRC on 27 February 2004 and an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors
"Caitong Group"	refers to Huili Caitong and its then subsidiaries, namely Xiushuihe Mining and Panzhihua Yixingda, disposed of by the Company on 30 July 2019, which engage in sale of self-produced low-grade iron concentrates within the range of 53% TFe to 55% TFe

“CCB”	China Construction Bank Corporation, Liangshan Branch*
“CCB Indebtedness Amount”	among others, principal indebtedness of RMB276.9 million, accumulated interest thereof and other applicable charges and costs involved up to the actual date of settlement as may be adjudicated by the court(s), owing by a former subsidiary
“CG Code”	refers to the Corporate Governance Code set out in Appendix C1 to the Listing Rules, unless otherwise specified
“Chengyu Vanadium Titano”	Chengyu Vanadium Titano Technology Ltd.*, formerly known as Weiyuan Steel Co., Ltd.*, a sino-foreign equity joint venture established in the PRC on 3 April 2001 and a connected person to the Group
“Company”	China Vanadium Titano-Magnetite Mining Company Limited, a limited liability company incorporated in the Cayman Islands on 28 April 2008
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Court(s)”	Chengdu Intermediate People’s Court, Sichuan Province and/or Xichang People’s Court, Sichuan Province, as applicable
“CVT Guarantees”	guarantees given by the Company in favour of the Caitong Group guaranteeing, inter alia, the indebtedness owing by any company(ies) in the Caitong Group to the Financial Institutions with an original maximum guaranteed amount of RMB730.0 million, and as at 30 June 2024, RMB690.0 million
“CVT Legal Demands”	the legal demand letters served on 18 June 2024 and 19 August 2024, against the Huili Caitong Parties

"Director(s)"	director(s) of the Company or any one of them
"DNRSP"	Department of Natural Resources of Sichuan Province*
"Financial Institutions"	certain banks and an asset management and financial services institution in the PRC in favour of which the Company entered into the CVT Guarantees with an original maximum guaranteed amount of RMB730.0 million (the maximum amount guaranteed under the CVT Guarantees as at 30 June 2024 was RMB690.0 million) as security in relation to credit facilities granted to Huili Caitong and Xiushuihe Mining, respectively
"Group"	the Company and its subsidiaries
"High-Fe Mining Operations"	refers to operations of the sale of self-produced high-grade iron concentrates within the range of 65% TFe to 72% TFe
"Huili Caitong"	Huili Caitong Iron and Titanium Co., Ltd.*, established in the PRC on 7 July 1998 and has been a foreign equity joint venture in the PRC since 29 December 2010, an indirect wholly-owned subsidiary of the Company till 30 July 2019
"Huili Caitong Parties"	Huili Caitong, Xiushuihe Mining and Chengyu Vanadium Titano, as applicable
"ICBC"	Industrial and Commercial Bank of China Limited, Liangshan Branch*
"ICBC Indebtedness Amounts"	refers to the ICBC-Caitong Indebtedness Amount and the ICBC-Xiushuihe Indebtedness Amount
"ICBC-Caitong Indebtedness Amount"	among others, principal indebtedness of RMB69.7 million, accumulated interest thereof and other applicable charges and costs involved up to the actual date of settlement as may be adjudicated by the court(s), owing by a former subsidiary
"ICBC-Caitong Litigation"	litigation(s) initiated by ICBC against the former subsidiary, Huili Caitong in China, for the ICBC-Caitong Indebtedness Amount

"ICBC-Xiushuihe Indebtedness Amount"	among others, principal indebtedness of RMB19.0 million, accumulated interest thereof and other applicable charges and costs involved up to the actual date of settlement as may be adjudicated by the court(s), owing by a former subsidiary
"ICBC-Xiushuihe Litigation"	litigation(s) initiated by ICBC against the former subsidiary, Xiushuihe Mining in China, for the ICBC-Xiushuihe Indebtedness Amount
"IFRS"	International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board and the International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Maoling Processing Plant"	the ore processing plant located near the Maoling-Yanglongshan Mine and operated by Aba Mining
"Maoling-Yanglongshan Mine"	an ordinary magnetite mine located in Wenchuan County, Sichuan, with a mining area of 2.7366 sq.km as operated by Aba Mining and integrated under the mining licence issued by the DNRSP on 6 May 2023
"Master Guarantee Agreement"	the master guarantee agreement entered into between the Company, Huili Caitong, Xiushuihe Mining and Chengyu Vanadium Titano on 16 May 2022 under which the Company agreed to continue to provide the CVT Guarantees on certain conditions
"Neijiang Shengchuan"	Neijiang Shengchuan Property Management Co., Ltd.*, a limited liability company established in the PRC on 22 June 2021, an independent third party
"Net Profit" or "Net Loss"	total comprehensive profit or loss attributable to owners
"Panzhihua Yixingda"	Panzhihua Yixingda Industrial Trading Co., Ltd.*, a limited liability company established in the PRC on 9 July 2009 and an indirect wholly-owned subsidiary of the Company till 30 July 2019

"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of HKD0.1 each
"Shareholder(s)"	holder(s) of the Share(s)
"Shigou Gypsum Mine"	Shigou gypsum mine located at Hanyuan County, Ya'an City, Sichuan, with a mining area of 0.1228 sq.km.
"Sichuan Lingwei"	Sichuan Lingwei Property Service Co., Ltd.*, a limited liability company established in the PRC on 7 July 2021 and an indirect wholly-owned subsidiary of the Company
"Sichuan Lingyu"	Sichuan Lingyu Investment Group Co., Ltd.*, a limited liability company established in the PRC on 9 June 2010 and an indirect wholly-owned subsidiary of the Company
"Sichuan Shengjiawei"	Sichuan Shengjiawei Property Service Co., Ltd.*, a joint venture company established in the PRC on 15 December 2023, in which the Company indirectly owns 50% equity interest
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Xiushuihe Mining"	Huili Xiushuihe Mining Co. Ltd.*, a limited liability company established in the PRC on 26 June 2007, an indirect subsidiary of the Company, 95.0% equity interest of which was owned through Huili Caitong till 30 July 2019

ABBREVIATIONS, PLACES, CURRENCIES, UNITS AND OTHERS

"Aba Prefecture"	Aba Tibetan and Qiang Autonomous Prefecture
"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
"Fe"	chemical symbol of iron element
"Gypsum"	a soft hydrous sulfate mineral with the chemical formula $CaSO_4 \cdot 2H_2O$
"HKD"	the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"km."	kilometre(s), a metric unit measure of distance
"Kt"	thousand tonnes
"Ktpa"	thousand tonnes per annum
"Mt"	million tonnes
"N/A"	not applicable
"N/M"	not meaningful. Used to indicate that the current and prior period figures are not comparable, not meaningful, or if the percentage change exceeds 1,000%
"RMB"	the lawful currency of the PRC
"SGD"	the lawful currency of the Republic of Singapore
"sq.km."	square kilometres
"TFe"	the symbol for denoting total iron
"USD"	the lawful currency of the United States of America
"Wenchuan County"	Wenchuan County, Aba Prefecture, Sichuan Province

* *For identification purpose only*

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

Hong Kong, 28 August 2024

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

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