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 2010

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately RMB1,554.1 million for the year ended 31 December 2010, representing an increase of RMB470.2 million or 43.4% as compared to approximately RMB1,083.9 million in 2009.

- The profit and total comprehensive income attributable to owners of the Company for the year ended 31 December 2010 was approximately RMB533.4 million, representing an increase of RMB205.5 million or 62.7% as compared to approximately RMB327.9 million in 2009.

- The basic and diluted earnings per Share attributable to ordinary equity holders of the Company amounted to approximately RMB0.26 for the year ended 31 December 2010, representing an increase of RMB0.06 or 30.0% as compared to approximately RMB0.20 in 2009.

- The Board recommended the payment of a final dividend of HK$0.062 per Share (equivalent to approximately RMB0.052 per Share) for the year ended 31 December 2010 (2009: Nil).

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2010 together with the comparative figures for the year ended 31 December 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	Notes	**2010** *RMB'000*	2009 *RMB'000*
Revenue	*3*	**1,554,130**	1,083,876
Cost of sales		**(723,691)**	(582,127)
Gross profit		**830,439**	501,749
Other income	*4*	**30,007**	40,914
Selling and distribution costs		**(44,261)**	(28,308)
Administrative expenses		**(79,475)**	(35,574)
Other operating expenses		**(17,577)**	(32,912)
Finance costs	*5*	**(17,818)**	(9,242)
PROFIT BEFORE TAX	*6*	**701,315**	436,627
Income tax expense	*7*	**(117,291)**	(69,708)
Profit and total comprehensive income for the year		**584,024**	366,919
Profit and total comprehensive income attributable to:			
Owners of the Company		**533,447**	327,867
Non-controlling interests		**50,577**	39,052
		584,024	366,919
Earnings per Share attributable to ordinary equity holders of the Company (RMB):			
Basic and diluted	*8*	**0.26**	0.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,476,162**	495,832
Intangible assets		**481,069**	142,092
Prepaid land lease payments		**51,791**	48,889
Prepayments and deposits	*9*	**157,554**	30,442
Payments in advance	*10*	**68,295**	99,630
Goodwill		**15,318**	15,318
Deferred tax assets		**10,360**	8,006
Total non-current assets		**2,260,549**	840,209
CURRENT ASSETS			
Inventories		**69,562**	70,904
Trade and notes receivables	*11*	**207,595**	137,427
Prepayments, deposits and other receivables	*9*	**99,738**	91,110
Due from related parties		**314**	49,810
Cash and cash equivalents		**1,095,630**	1,884,003
Total current assets		**1,472,839**	2,233,254
CURRENT LIABILITIES			
Trade payables	*12*	**254,868**	85,949
Other payables and accruals	*13*	**272,966**	198,852
Interest-bearing bank loans	*14*	**175,000**	100,000
Due to related parties		**18,301**	4,254
Tax payable		**90,169**	70,074
Dividends payable		**1,801**	1,801
Total current liabilities		**813,105**	460,930
NET CURRENT ASSETS		**659,734**	1,772,324
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,920,283**	2,612,533

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	*14*	**125,000**	–
Provision for rehabilitation		**6,093**	5,707
Total non-current liabilities		**131,093**	5,707
Net assets		**2,789,190**	2,606,826
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*15*	**182,787**	182,787
Reserves	*17*	**2,484,172**	2,331,244
Proposed final dividend	*18*	**107,756**	–
		2,774,715	2,514,031
Non-controlling interests		**14,475**	92,795
Total equity		**2,789,190**	2,606,826

NOTES:

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, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at 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, the Group was principally engaged in the business of mining, ore processing, iron pelletising, sale of 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 is the holding company 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 International Accounting Standards Board (the "IASB") and the International Accounting Standards ("IAS") 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. They have been prepared under the historical cost convention. 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 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consisting accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group losses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests 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 investment 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 profits, as appropriate.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standard*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
IFRIC 17	*Distributions of Non-cash Assets to Owners*
Amendments to IFRS 5 included in *Improvements to IFRSs issued in October 2008*	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to IFRSs (April 2009)*	Amendments to a number of IFRSs

* *The Group has adopted all the improvements to IFRSs issued in April 2009 which are applicable to its operations.*

Other than as further explained below regarding the impact of IFRS 3 (Revised), IAS 27 (Revised), IFRIC 17 and amendments to IAS 7 included in *Improvements to IFRSs 2009*, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

(a) IFRS 3 (Revised) *Business Combinations* and IAS 27 (Revised) *Consolidated and Separate Financial Statements*

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and the future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including but not limited to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 31 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisition, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) IFRIC 17 *Distributions of Non-cash Assets to Owners*

IFRIC 17 clarifies that (i) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (ii) an entity should measure the dividend payable at the fair value of the net assets to be distributed; and (iii) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

(c) *Improvements to IFRSs 2009* issued in April 2009 set out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of key amendments most applicable to the Group is as follows:

- IAS 7 *Statements of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities. This improvement is applied retrospectively and affects the presentation of investing activities in the consolidated statement of cash flows. As a result of this improvement, the cash consideration paid for the acquisition of non-controlling interests during the year is classified as financing activities in the consolidated statement of cash flows as consideration paid does not result in a recognised asset in the statement of financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [1]
IFRS 1 Amendment	Amendment to IFRS 1 *First-time Adoption of IFRSs – Limited Exemption from Comparatives IFRS 7 Disclosures for First-time Adopters* [2]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]
IAS 24 (Revised)	*Related Party Disclosures* [3]
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement* [3]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [4]
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRSs – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters* [4]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [5]
IFRS 9	*Financial Instruments* [6]

Apart from the above, the IASB has issued *Improvements to IFRSs 2010* in May 2010 which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 3 and IAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

Further information about these changes, which are expected to significantly affect the Group, is as follows:

IAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significant influenced by the same government. The Group expects to adopt IAS 24 (Revised) from 1 January 2011.

While the adoption of the revised standard will result in changes in the accounting policy, the revised standard is unlikely to have any impact on the related party disclosures as the Group currently does not have any significant transactions with government-related entities.

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirement of IAS 39.

In October 2010, the IASB issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

It is expected that IAS 39 will be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt IFRS 9 from 1 January 2013.

Improvements to IFRSs 2010 issued in May 2010 sets out amendments to a number of IFRSs. The Group expects to adopt all these amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies and additional disclosures, none of these amendments are expected to have a significant financial impact on the Group.

3. REVENUE AND SEGMENT INFORMATION

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

The Group's revenue and contribution to profit were mainly derived from its sale of iron concentrates, iron pellets and titanium concentrates, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. In addition, the principal assets employed by the Group are located in Sichuan. 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:

	2010		2009	
	RMB'000	*%*	*RMB'000*	*%*
Iron concentrates	**875,784**	**56.4**	529,748	48.9
Iron pellets	**637,172**	**41.0**	537,113	49.6
Medium-grade titanium concentrates	**8,239**	**0.5**	17,015	1.5
High-grade titanium concentrates	**32,935**	**2.1**	–	–
	1,554,130	**100.0**	1,083,876	100.0

Geographical information

All external revenue of the Group during each of the two years ended 31 December 2010 was attributable to customers established 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 major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2010	2009
	RMB'000	*RMB'000*
Customer A	**298,192**	199,657
Customer B	**287,431**	184,872
Customer C	**279,947**	136,212
Customer D	**242,783**	183,739
Customer E	**209,339**	174,718
Customer F	**195,365**	187,663

4. OTHER INCOME

An analysis of other income is as follows:

	2010	2009
	RMB'000	*RMB'000*
Bank interest income	**3,307**	330
Sale of raw materials	**24,152**	27,551
Government grants*	**2,500**	13,000
Miscellaneous	**48**	33
Total other income	**30,007**	40,914

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

5. FINANCE COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**7,681**	4,277
Interest on other bank loans	**7,120**	–
Interest on discounted notes receivable	**2,363**	3,122
Unwinding of discount	**386**	366
	17,550	7,765
Less: interest capitalised to property, plant and equipment	**(7,120)**	–
	10,430	7,765
Foreign exchange losses, net	**7,388**	1,477
	17,818	9,242
Interest rate of borrowing costs capitalised	**5.94%**	–

6. PROFIT BEFORE TAX

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

	2010	2009
	RMB'000	*RMB'000*
Cost of inventories sold	**723,691**	582,127
Staff costs (including Directors' remuneration):		
Wages and salaries	**40,632**	22,807
Equity-settled share option expense	**19,030**	106
Pension scheme contributions		
– Defined contribution fund	**4,696**	2,858
Housing fund		
– Defined contribution fund	**265**	163
Total staff costs	**64,623**	25,934
Depreciation	**71,763**	30,148
Amortisation of intangible assets	**14,481**	11,435
Amortisation of prepaid land lease payments	**1,069**	925
Depreciation and amortisation expenses	**87,313**	42,508
Minimum lease payments under operating leases:		
Land	**157**	211
Office	**855**	465
Auditors' remuneration	**3,530**	1,292
Amortisation of prepaid technical fee	**4,134**	–
Foreign exchange losses, net	**7,388**	1,477
Loss/(gain) on disposal of items of property, plant and equipment	**(34)**	81
Write-down/(reversal of write-down) of inventories to net realisable value	**1,708**	(943)

7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

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 year.

The provision for PRC corporate income tax ("PRC CIT") is based on the respective CIT rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC for the year.

The major components of income tax expense for the year were as follows:

	2010	2009
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**119,645**	71,866
Deferred	**(2,354)**	(2,158)
Total tax charge for the year	**117,291**	69,708

Pursuant to the relevant tax rules and regulations of the PRC applicable to foreign investment enterprise ("FIE"), a FIE is entitled to a tax holiday whereby it is exempted from PRC CIT for its first two profit making years (after deducting losses incurred in previous years) and is entitled to a 50% tax reduction for the subsequent three years. On 22 September 2006, Huili Caitong was converted from a domestic limited company to a FIE. In accordance with the relevant tax rules and regulations applicable to FIE, Huili Caitong had the option not to choose 2006 as its first profitable year as Huili Caitong became a FIE in September 2006. As such, for income tax purposes, Huili Caitong was approved to enjoy its tax holiday from 2007 and hence, was not liable to PRC CIT in 2007 and 2008 and is entitled to a 50% tax reduction for the subsequent three years (2009 to 2011).

On 16 March 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Law"), which became effective from 1 January 2008. The New CIT Law introduced a wide range of changes which included, but were not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%. Pursuant to the grandfathering arrangement under the New CIT Law, Huili Caitong will continue to enjoy the existing tax holiday until the end of 2011. Thereafter, it will be subject to the new CIT rate of 25%.

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

The calculation of earnings per Share is based on the profit for the year attributable to ordinary owners of the Company, and the weighted average number of Shares of 2,075,000,000 (2009: 16,300,000,000) in issue during the year.

No adjustment has been made to the basic earnings per Share amounts presented for the years ended 31 December 2010 and 2009 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during those years and the exercise price of the Company's outstanding share options was higher than the average market price for the Shares during the current and prior year.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**2010** ***RMB'000***	2009 *RMB'000*
Current portion:			
Prepayments consisted of:			
Purchase of raw materials		**578**	67
Utilities		**551**	550
Prepaid stripping fees	*(a)*	**88,762**	87,216
Prepaid technical service fee	*(b)*	**4,133**	–
Deposit for the purchase of machinery		**319**	154
Other receivables		**5,395**	3,123
		99,738	91,110
Non-current portion:			
Prepaid stripping fees	*(a)*	**101,875**	29,165
Prepaid technical service fee	*(b)*	**53,733**	–
Long-term environmental rehabilitation deposits	*(c)*	**1,946**	1,277
		157,554	30,442
		257,292	121,552

(a) The balances represented deferred stripping costs paid by the Group to an independent third party mining contractor for the stripping activities of Baicao Mine and Xiushuihe Mine, which will be recognised as part of the production costs once the raw iron ore is extracted.

(b) Pursuant to a Termination Agreement dated on 15 January 2010 entered into between Xiushuihe Mining and Nanjiang, Xiushuihe Mining made a one-off prepayment to Nanjiang of approximately RMB62.0 million as technical service support fee for a period of 15 years ending on 31 December 2024. As such, the prepaid technical support fee is amortised according to straight line method based on the terms of technical service to be provided by Nanjiang. Particulars of the Termination Agreement are set out in the Company's announcement dated 15 January 2010.

During the year, the prepaid technical service fee amortised and charged to profit or loss amounted to approximately RMB4,134,000 (2009: Nil).

(c) Long-term deposits represented environmental deposits made to the government in respect of the Group's rehabilitation obligations for the closure of mines and are not expected to be refunded within the next 12 months.

The carrying amounts of other receivables approximate closely to their respective fair values.

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

Payments in advance as at 31 December 2010 and 2009 were in respect of prepayments for the purchase of property, plant and equipment.

11. TRADE AND NOTES RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**147,093**	88,927
Notes receivable	**60,502**	48,500
	207,595	137,427

The Group's trading terms with its customers are mainly on credit, except for customers of titanium products, where full payment in advance to delivery. The credit period is generally one month. In view of the fact that the Group sells most of its products to a small number of customers, there is a high level of concentration of credit risk. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing.

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

	2010	2009
	RMB'000	*RMB'000*
Within 1 month	**147,093**	79,911
1 to 2 months	**–**	9,016
	147,093	88,927

The aged analysis of trade receivables that are not considered to be impaired is as follows:

	2010	2009
	RMB'000	*RMB'000*
Neither past due nor impaired	**147,093**	79,911
Less than 1 month past due	**–**	9,016
	147,093	88,927

Notes receivable represent bank acceptance notes of the Group which are issued by major banks in Mainland China.

As at 31 December 2009, receivables that were past due but not impaired related to an independent customer that has a good track record with the Group. The Group does not hold any collateral or other credit enhancements over trade receivables.

The carrying amounts of trade and notes receivables approximate to their fair values.

12. TRADE PAYABLES

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

	2010	2009
	RMB'000	*RMB'000*
Within 180 days	**248,500**	81,075
181 to 365 days	**4,653**	3,140
1 to 2 years	**1,043**	1,471
2 to 3 years	**428**	78
Over 3 years	**244**	185
	254,868	85,949

Trade payables are non-interest-bearing and are normally settled in 60 to 180 days. The carrying amounts of trade payables approximate to their fair values.

13. OTHER PAYABLES AND ACCRUALS

	2010	2009
	RMB'000	*RMB'000*
Advances from customers	**6,157**	4,325
Payables related to:		
Construction in progress	**86,533**	63,234
Taxes other than income tax	**78,391**	31,081
Payroll and welfare payable	**9,685**	5,715
Mining rights and exploration and evaluation assets	**2,194**	771
Huili County Yangqueqing Iron Mine	**10,840**	–
Huili Hailong	**41,500**	–
First Independent Third party Processing Contractor	**26,740**	–
Nanjiang:		
– Nanjiang project consideration	**–**	52,338
– Technical service fee	**–**	7,700
Consultancy fees	**487**	343
Listing fee	**–**	25,952
Deposits received	**416**	382
Other payables	**10,023**	7,011
	272,966	198,852

The other payables and accruals are non-interest-bearing and have average terms of one to three months. The carrying amounts of other payables approximate to their fair values.

14. INTEREST-BEARING BANK LOANS

	2010	2009
	RMB'000	*RMB'000*
Unsecured bank loans repayable:		
Within one year	**175,000**	100,000
In the second year	**25,000**	–
In the third to fifth years, inclusive	**75,000**	–
Beyond five years	**25,000**	–
	300,000	100,000
Current portion	**(175,000)**	(100,000)
Non-current portion	**125,000**	–

As at 31 December 2010, Huili Caitong had unsecured interest-bearing bank loans from China Construction Bank (the "Lender") at the respective fixed rates ranging from 5.31% to 5.94% (2009: 5.31%) per annum and all bank loans were denominated in RMB.

In accordance with the loan agreements entered into between Huili Caitong and the Lender, Huili Caitong agreed not to mortgage or pledge Huili Caitong's mining rights of Baicao Mine and iron concentrate production line with an annual production capacity of 500.0 Kt to any parties, and the Lender will be entitled to a pre-emption right in the event of such mortgage or pledge.

The carrying amounts of the Group's current bank loans approximate to their fair values. The fair values of the Group's non-current portion bank loans amounted to RMB117,991,000 (2009: Not applicable).

15. SHARE CAPITAL

	2010	2009
	RMB'000	*RMB'000*
Authorised:		
10,000,000,000 (2009: 10,000,000,000)		
Shares of HK$0.1 each	**880,890**	880,890
Issued and fully paid:		
2,075,000,000 (2009: 2,075,000,000)		
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.

16. SHARE OPTION SCHEME

On 4 September 2009, the Company adopted a share option scheme ("the Old Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Old Option Scheme include Directors, including non-executive Directors, and other employees of the Group.

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

The maximum number of Shares in respect of which options may be granted under the New 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 in issue on the adoption date of the New 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 Option Scheme to each eligible participant in the New Option Scheme within any 12-month period is limited to 1% of the Shares 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, for 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 in issue on the date of offer and 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, such grant 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 but 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 of Directors, but may not be less than the highest of (i) the nominal value of the Shares; (ii) the average closing price of the Shares as stated on the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the share options; and (iii) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the share options.

Share options do not confer rights to the holders to dividends or to vote at Shareholders' meetings.

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

	Notes	**Weighted average exercise price** *HK$ per Share*	**Number of options** *'000*
As at 1 January 2010	*(1)*	5.05	27,200
Granted during the year	*(2)*	4.99	9,400
Lapsed during the year	*(3)*	5.05	(7,000)
As at 31 December 2010		5.03	29,600

(1) The share options outstanding as at 1 January 2010 represented share options granted by the Company on 29 December 2009 at the exercise price of HK$5.05 per Share.

(2) On 1 April 2010, options to subscribe for a total of 9,400,000 new ordinary shares with a nominal value of HK$0.10 each in the share capital of the Company were granted under the Old Option Scheme at the exercise price of HK$4.99 per Share.

(3) The share options granted to one of the Directors lapsed following his retirement as a Director on 15 April 2010.

The exercise prices and exercise periods of the share options outstanding at the end of reporting period are as follows:

31 December 2010

Number of options	**Exercise price per Share**	**Exercise period**
'000	*HK$*	
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
29,600		

31 December 2009

Number of options	**Exercise price per Share**	**Exercise period**
'000	*HK$*	
13,600	5.05	29 June 2012 to 28 December 2019
13,600	5.05	29 December 2014 to 28 December 2019
27,200		

The fair value of the share options granted during the year was HK$24,349,000 (equivalent to approximately RMB21,406,000) (2009: HK$75,009,000, equivalent to approximately RMB66,075,000) or HK$2.59 each (equivalent to approximately RMB2.28 each) (2009: HK$2.76 each, equivalent to approximately RMB2.43 each) of which the Group recognised a share option expense of HK$5,333,000 (equivalent to approximately RMB4,680,000) during the year (2009: HK$120,000, approximately RMB106,000).

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

	Equity-settled share options granted on	
	1 April 2010	29 December 2009
Dividend yield (%)	**1.36**	1.41
Expected volatility (%)	**66.40**	68.56
Risk-free interest rate (%)	**2.788**	2.652

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

At the end of the reporting period, the Company had 29,600,000 share options outstanding under the Old 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 29,600,000 additional Shares and additional share capital of HK$2,960,000 and share premium of HK$145,956,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 29,600,000 share options outstanding under the Old Option Scheme, which represented approximately 1.43% of the Shares in issue as at that date.

17. RESERVES

(a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Cayman Islands 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 surplus reserve and statutory reserve fund

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

As Huili Caitong was converted from a domestic limited company to a FIE on 22 September 2006, allocation to SSR is not required. According to Huili Caitong's articles of association, Huili Caitong is required to allocate 10% of its profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "SRF").

SSR and 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 nominal value of the Shares issued in exchange for the subsidiaries acquired as part of the reorganisation and the aggregate amount of the nominal value of the paid-up capital of these subsidiaries attributable to the owners of the Company.

18. FINAL DIVIDEND

On 14 March 2011, the Board of Directors of the Company proposed a final dividend for the year ended 31 December 2010 of approximately RMB0.052 per Share amounting to RMB107,756,000 (2009: Nil). The proposed final dividend for the year ended 31 December 2010 is subject to the approval of the Shareholders at the forthcoming annual general meeting and is included in the proposed final dividend within equity of the statement of financial position.

19. EVENT AFTER THE REPORTING PERIOD

On 15 November 2010, the Group entered into an acquisition agreement with Chuan Wei pursuant to which the Group agreed to acquire, at a consideration of RMB150 million, the entire equity interest in Aba Mining, which holds the mining right and related assets of the Maoling Mine with a mining right area of 1.9 sq.km. and estimated resources of 10.0 Mt and the exploration right of the Yanglongshan Mine. The conditions precedent of the acquisition agreement shall be fulfilled on or before 31 January 2011. On 16 December 2010, the Aba Acquisition was approved by the independent Shareholders during the EGM which approved Aba Acquisition.

On 28 January 2011, Chuan Wei requested, and the Group agreed that the completion of Aba Acquisition was extended from 31 January 2011 to 30 April 2011. The extension is due to the fact that it takes longer than the expected time to obtain the necessary confirmation documents from a number of PRC government authorities, as such one of the conditions precedent to the completion of the acquisition agreement cannot be satisfied.

Particulars of the Aba Mining Acquisition Agreement, the poll results of the EGM and the extension of time for the satisfaction of the conditions precedent to the completion of Aba Acquisition were set out in the Company's announcement dated 15 November 2010, 16 December 2010 and 28 January 2011 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Since 2010, the PRC economy has maintained a positive recovery trend with an especially impressive rebound in industrial production and a strong domestic demand. According to the National Bureau of Statistics of the PRC (中國國家統計局), the PRC's GDP for 2010 grew by 10.3% year-on-year and hit RMB39.8 trillion, while Sichuan enjoyed a year-on-year growth of 15.1%, reaching RMB1,689.9 billion, well ahead of the country's annual economic growth target of 8.0% for 2010.

The zoning and planning policy of the country has created new opportunities for the development of the iron ore market in Sichuan. The PRC's 12th Five-Year Plan promulgated in October 2010 stated that thorough implementation of the western region development strategy should be prioritised over the general zoning strategy. Furthermore, as announced by the National Development and Reform Commission of the PRC (中國國家發展和改革委員會) in July 2010, 23 new infrastructure projects were launched in the western region with total investments amounting to approximately RMB682.2 billion. Taking advantage of this policy and ongoing post-earthquake construction projects in Sichuan as well as the Chengdu-Chongqing Economic Zone development, all these favourable market conditions have further bolstered the demand for steel in Sichuan, and driven the increasing demand for iron ore throughout the region.

Iron ore prices in Sichuan have been relatively stable as compared to those in other major iron ore markets in the PRC. The PRC's iron ore prices have dropped significantly since May 2010 under the effects of global economic conditions. This was followed by a period of continual increases from July 2010 onwards driven by the growing demand in the PRC steel market. Meanwhile, due to transport limitations in the region, only small amounts of iron ore are being transported out of the Sichuan market. Consequently, the influence of international and domestic markets on iron ore prices in Sichuan is minimal and these prices are less sensitive than those in other iron ore producing regions in the PRC, creating lower volatility with relative stability.

In addition, the consolidation and rebound in the steel industry have stimulated a clear need for vanadium in the PRC. According to the Blueprint for the Adjustment and Revitalisation of the Steel Industry (鋼鐵產業調整和振興規劃) issued on 20 March 2009, nationwide utilisation of hot-rolled ribbed steel bars with a strength of more than 400 MPa is required to reach 60% or above by 2011. As vanadium is the only widely used additive to increase steel strength, this policy has led to an obviously increasing demand for vanadium-bearing titano-magnetite in the Panxi Region.

BUSINESS AND OPERATIONS REVIEW

During the year, the Group experienced rapid business growth and recorded remarkable performance results. For the year ended 31 December 2010, the revenue of the Group increased by 43.4% compared to the corresponding year of 2009 to approximately RMB1,554.1 million. The profit and total comprehensive income attributable to owners of the Company increased by 62.7% compared to the corresponding year of 2009 to approximately RMB533.4 million. Dynamic industry development and emerging business opportunities provided the Group with ample space to grow. Under these favourable market conditions, the Group remained committed to sustaining strong growth by acquiring mines and processing plants as well as enhancing its own production capacity.

Mapping New Resources through Swift Mergers and Acquisitions

On 16 January 2010, the Group successfully entered into an agreement for the acquisition of a mining right for the Yangqueqing Mine (Please refer to the Company's announcement dated 18 January 2010 for further details). During the year, the Group filed a formal application with the Land and Resources Department of Sichuan (四川省國土資源廳) for the merger of the Baicao Mine and the Yangqueqing Mine. Upon approval, the Group will be entitled to exploit these two mines in a co-ordinated way, enabling us to improve the overall efficiency of the use of resources. Moreover, the Group will also be granted a mining right for iron ore resources found between these mines and in the area nearby, where the resources are expected to be a total of 81.6 Mt. Furthermore, on 3 February 2010, the Group entered into an asset transfer agreement for the acquisition of an exploration right for the Cizhuqing Mine with a highly competitive offer (Please refer to the Company's announcement dated 4 February 2010 for further details). This acquisition will further increase the iron ore resources of the Group as well as extend the geographical footprint of the Group in Sichuan, enhancing both profitability and overall competitiveness of the Group. After the completion of such acquisition, the Group has already started the application for the mining right for the Cizhuqing Mine.

On 15 November 2010, the Group successfully entered into an acquisition agreement to acquire the non-controlling interests in Huili Caitong (Please refer to the Company's announcement dated 15 November 2010 for further details). Huili Caitong is a major operating subsidiary of the Group, and over 90.0% of the Group's revenue was derived from Huili Caitong over the past three financial years. The transaction was completed on 31 December 2010. Ever since, Huili Caitong has become a wholly-owned subsidiary of the Group, enabling the Company to have full control over the operations of Huili Caitong and to include all its profits in the Group's consolidated accounts. Meanwhile, the Group successfully entered into an acquisition agreement to acquire the Aba Equity Interest (Please refer to the Company's announcement dated 15 November 2010 for further details). This acquisition is in line with the Group's strategic objective of increasing resources and reserves of iron ore. Upon completion of the transaction, the Group will obtain the Maoling Mine, the Yanglongshan Mine and an iron concentrate production line with an annual production capacity of 150.0 Kt owned by Aba Mining. On 16 December 2010, the Company held an EGM which approved the acquisition of Aba Mining. Such acquisition is expected to be completed by 30 April 2011.

Expediting Capacity Expansion and Increasing Production Volume

To achieve sustainable development, the Group is committed to further increasing production capacity by expanding existing processing facilities and acquiring additional processing plants. On 3 February 2010 and 11 March 2010, the Group acquired the Hailong Processing Plant (Please refer to the Company's announcement dated 4 February 2010 for further details) and the Heigutian Processing Plant (Please refer to the Company's announcement dated 12 March 2010 for further details), respectively. The Hailong Processing Plant has an annual production capacity of 300.0 Kt for iron concentrates, while the Heigutian Processing Plant has an annual production capacity of 800.0 Kt for iron concentrates and 120.0 Kt for high-grade titanium concentrates. During the year, in order to increase its production capacity, the Group also began the construction of a new iron concentrate production line with a planned annual production capacity of 300.0 Kt and a new high-grade titanium concentrate production line with a planned annual production capacity of 100.0 Kt, both are located at the Xiushuihe Processing Plant, as well as the first phase of new iron pelletising plant with a planned annual production capacity of 1,000.0 Kt located at approximately 5.5 km from the Xiushuihe Mine.

For the year ended 31 December 2010, the Group owned and operated 4 processing plants, namely the Baicao Processing Plant, the Xiushuihe Processing Plant, the Hailong Processing Plant and the Heigutian Processing Plant, and one Iron Pelletising Plant, all of which located in the Panxi Region. As at 31 December 2010, the Group's annual production capacity of iron concentrates, iron pellets and high-grade titanium concentrates amounted to 2,500.0 Kt (including 200.0 Kt production capacity allocated to the Group by independent third party processing contractors), 760.0 Kt (including 400.0 Kt production capacity allocated to the Group by independent third party pelletising contractors) and 180.0 Kt, respectively. Leveraging the expanding production scale coupled with favourable market conditions, the Group's three core products recorded satisfactory growth in terms of output.

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

	For the Year ended 31 December	
	2010	2009
	Kt	*Kt*
Iron concentrates		
Baicao Processing Plant	**503.3**	479.1
Xiushuihe Processing Plant	**572.8**	531.4
Heigutian Processing Plant	**679.4**	–
Hailong Processing Plant	**136.2**	–
First Independent Third Party Processing Contractor's plant	**65.2**	617.2
Second Independent Third Party Processing Contractor's plant	**51.0**	3.6
Total production volume	**2,007.9**	1,631.3
Total sales volume	**1,316.8**	949.9
Iron pellets		
Iron Pelletising Plant	**305.6**	201.5
First Independent Third Party Pelletising Contractor's plant	**189.9**	255.5
Second Independent Third Party Pelletising Contractor's plant	**217.7**	230.6
Total production volume	**713.2**	687.6
Total sales volume	**727.8**	693.3
Medium-grade titanium concentrates		
Baicao Processing Plant	**53.5**	52.9
Xiushuihe Processing Plant	**32.9**	9.8
Heigutian Processing Plant	**6.7**	–
Hailong Processing Plant	**5.6**	–
First Independent Third Party Processing Contractor's plant	**2.3**	89.7
Total production volume	**101.0**	152.4
Total sales volume	**83.4**	167.3
High-grade titanium concentrates		
Baicao Processing Plant	**2.6**	–
Heigutian Processing Plant	**57.6**	–
First Independent Third Party Processing Contractor's plant	**6.3**	–
Total production volume	**66.5**	–
Total sales volume	**61.7**	–

Iron Concentrates

The total production volume of iron concentrates (which includes the production volume produced by independent third party processing contractors) increased from approximately 1,631.3 Kt in 2009 to approximately 2,007.9 Kt in 2010, representing an increase of 23.1%. The sales volume of iron concentrates increased from approximately 949.9 Kt in 2009 to approximately 1,316.8 Kt in 2010, representing an increase of 38.6%.

Iron Pellets

The total production volume of iron pellets (which includes the production volume produced by independent third party pelletising contractors) increased from approximately 687.6 Kt in 2009 to approximately 713.2 Kt in 2010, representing an increase of 3.7%. The sales volume of iron pellets increased from approximately 693.3 Kt in 2009 to approximately 727.8 Kt in 2010, representing an increase of 5.0%.

Medium-grade Titanium Concentrates

The total production volume of medium-grade titanium concentrates (which includes the production volume produced by independent third party processing contractors) decreased from approximately 152.4 Kt in 2009 to approximately 101.0 Kt in 2010, representing a decrease of 33.7%. The sales volume of medium-grade titanium concentrates decreased from approximately 167.3 Kt in 2009 to approximately 83.4 Kt in 2010, representing a decrease of 50.1%.

High-grade Titanium Concentrates

In 2010, the Group started to produce high-grade titanium concentrates, with total production volume and total sales volume reaching approximately 66.5 Kt and 61.7 Kt, respectively.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2010, the Group's revenue was approximately RMB1,554.1 million (2009: RMB1,083.9 million), representing an increase of 43.4% as compared to the previous year. Such increase was primarily due to the increase in sales volume as a result of the expansion of production capacity and the increase in average selling prices of iron ore products in Sichuan.

Cost of Sales

Cost of sales primarily included mining and stripping contracting fees, processing contracting fees, pelletising contracting fees, materials, labour, power and other utilities, repair and maintenance, and depreciation and amortisation. For the year ended 31 December 2010, the Group's cost of sales was approximately RMB723.7 million (2009: RMB582.1 million), representing an increase of 24.3% as compared to the previous year. Such increase was primarily due to the increase in sales volume of iron ore products and the sale of a new product of high-grade titanium concentrates.

Gross Profit and Margin

As a result of the foregoing, the gross profit for the year ended 31 December 2010 increased by 65.5%, from approximately RMB501.7 million for the year ended 31 December 2009 to approximately RMB830.4 million. The gross profit margin increased from 46.3% for the year ended 31 December 2009 to 53.4% for the year ended 31 December 2010. The increase in gross profit margin was primarily because of the increase in average selling prices of iron ore products out-weighted the increased average unit cost of sales.

Other Income

The other income decreased by 26.7%, from approximately RMB40.9 million for the year ended 31 December 2009 to approximately RMB30.0 million for the year ended 31 December 2010. The other income of the Group mainly included income from sale of raw materials, bank interest income and government grants received from the Department of Finance of Sichuan (四川省財政廳).

Selling and Distribution Costs

The selling and distribution costs increased by 56.5%, from approximately RMB28.3 million for the year ended 31 December 2009 to approximately RMB44.3 million for the year ended 31 December 2010 and the increase was in line with the increase in sales volume during the year. The selling and distribution costs primarily consisted of transportation fees, which mainly represented the road transportation costs, the goods loading and unloading fees, platform storage and platform administration fees.

Administrative Expenses

The administrative expenses increased by 123.3%, from approximately RMB35.6 million for the year ended 31 December 2009 to approximately RMB79.5 million for the year ended 31 December 2010, mainly due to the increase in staff costs as a result of the increase in average number of administrative staff, which was in line with the Group's business expansion, the increase in equity-settled share option expenses and the increase in professional consulting fees as a result of the potential and completed acquisition activities that took place during the year.

The equity-settled share option expenses of approximately RMB19.0 million for the year ended 31 December 2010 were incurred because two tranches of share options were granted to certain Directors, senior management and employees of the Group on 29 December 2009 and 1 April 2010, respectively.

Other Operating Expenses

The other operating expenses decreased by 46.5%, from approximately RMB32.9 million for the year ended 31 December 2009 to approximately RMB17.6 million for the year ended 31 December 2010, mainly due to the decrease in cost of raw materials sold, which was in line with the decrease in sale of raw materials.

Finance Costs

The finance costs increased by 93.5%, from approximately RMB9.2 million for the year ended 31 December 2009 to approximately RMB17.8 million for the year ended 31 December 2010, primarily due to the increase in loan interest as a result of the increase in interest-bearing bank loans and foreign exchange losses caused by the appreciation of Renminbi against Hong Kong dollars.

Income Tax Expense

The income tax expense increased by 68.3%, from approximately RMB69.7 million for the year ended 31 December 2009 to approximately RMB117.3 million for the year ended 31 December 2010, and the increase was in line with the increase of the Group's profit before tax.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, the profit and total comprehensive income for the year increased by 59.2%, from approximately RMB366.9 million for the year ended 31 December 2009 to approximately RMB584.0 million for the year ended 31 December 2010. The net profit margin increased from 33.8% for the year ended 31 December 2009 to 37.6% for the year ended 31 December 2010.

Profit and Total Comprehensive Income Attributable to Owners of the Company

The profit and total comprehensive income attributable to owners of the Company increased by 62.7%, from approximately RMB327.9 million for the year ended 31 December 2009 to approximately RMB533.4 million for the year ended 31 December 2010.

Final Dividend

The Board recommended the payment of a final dividend of HK$0.062 per Share (equivalent to approximately RMB0.052 per Share) for the year ended 31 December 2010 (2009: Nil), representing 20.2% of the profit and total comprehensive income attributable to owners of the Company, payable to the Shareholders whose names appear on the register of members of the Company on 6 May 2011. Based on the number of issued Shares as at 31 December 2010, this represents a total distribution of approximately HK$128.7 million. Subject to the approval of the declaration of the final dividend by the Shareholders at the 2011 AGM, it is expected that the final dividend will be paid on or before 18 May 2011.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Wednesday, 4 May 2011 to Friday, 6 May 2011 (both dates inclusive), during such period no transfer of Shares of the Company will be registered.

Besides, in order to determine the identity of the Shareholders who are entitled to attend and vote at the 2011 AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 3 May 2011.

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 2009 and 2010:

	For the Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Net cash flows from operating activities	**764,405**	342,061
Net cash flows used in investing activities	**(1,750,403)**	(327,746)
Net cash flows (used in)/from financing activities	**(229,779)**	1,737,484
Net (decrease)/increase in cash and cash equivalents	**(1,215,777)**	1,751,799

Net Cash Flows from Operating Activities

The Group's net cash flows from operating activities increased by 123.4%, from approximately RMB342.1 million for the year ended 31 December 2009 to approximately RMB764.4 million for the year ended 31 December 2010. It primarily included the profit before tax of RMB701.3 million, and an increase in trade payables of RMB168.9 million that was partially offset by the increase in trade and other receivables due to the business expansion.

Net Cash Flows used in Investing Activities

The Group's net cash flows used in investing activities increased by 434.1%, from approximately RMB327.7 million for the year ended 31 December 2009 to approximately RMB1,750.4 million for the year ended 31 December 2010. It primarily included (i) the purchase of items of property, plant and equipment of approximately RMB974.6 million and the purchase of intangible assets of approximately RMB341.2 million as a result of the several acquisitions during the year; and (ii) the time deposit with maturity of over three months of approximately RMB430.0 million.

Net Cash Flows (used in)/from Financing Activities

The Group's net cash flows from financing activities for the year ended 31 December 2009 was approximately RMB1,737.5 million, mainly including the net proceeds from the IPO and the Over-allotment. The Group's net cash flows used in financing activities for the year ended 31 December 2010 was approximately RMB229.8 million, primarily including the purchase of the non-controlling interests in Huili Caitong of approximately RMB445.0 million, which was partially offset by the net bank borrowing proceeds.

Analysis of Inventories

The Group's inventories slightly decreased by 1.8%, from approximately RMB70.9 million as at 31 December 2009 to approximately RMB69.6 million as at 31 December 2010, primarily due to the decrease in finished goods, which was in line with the significant increase in sales volume, and partially offset by the increase of spare parts to meet the enlarged production capacity's repair and maintenance.

Analysis of Trade and Notes Receivables

The Group's trade and notes receivables increased by 51.1%, from approximately RMB137.4 million as at 31 December 2009 to approximately RMB207.6 million as at 31 December 2010, primarily due to the increase in sales in December 2010 as compared to December 2009 in accordance with the Group's standardised credit terms of 30 days given to the customers.

Analysis of Trade and Other Payables

The Group's trade and other payables increased by 85.3%, from approximately RMB284.8 million as at 31 December 2009 to approximately RMB527.8 million as at 31 December 2010, primarily due to (i) the increase in trade payables in respect of stripping and mining activities and payables to suppliers in order to meet the Group's expanded capacity, and (ii) the increase in other payables in respect of progress payments in accordance with the related acquisition agreements and the payable of value added tax which was in line with the increase in sales during the year.

Analysis of Net Current Assets Position

The Group's net current assets position decreased by 62.8%, from approximately RMB1,772.3 million as at 31 December 2009 to approximately RMB659.7 million as at 31 December 2010, primarily because most of the net proceeds from the IPO and the Over-Allotment were used for the acquisitions of iron ore mines and processing plants during the year.

Borrowings

As at 31 December 2010, the Group's total borrowings were RMB300.0 million, which comprised the unsecured interest-bearing short-term and long-term bank loans of RMB150.0 million each from the Lender obtained by Huili Caitong in February 2010 with an annual interest rate of 5.31% and 5.94%, respectively. As at 31 December 2010, the long-term bank loan included RMB25.0 million repayable within the next twelve months.

In accordance with the loan agreements entered into between Huili Caitong and the Lender, Huili Caitong agreed not to mortgage or pledge the Huili Caitong's mining right of the Baicao Mine and the iron concentrate production line with an annual production capacity of 500.0 Kt to any party, and the Lender will be entitled to a pre-emption right for such mortgage or pledge. As at 31 December 2009, the Group's borrowing was RMB100.0 million, which was the unsecured interest-bearing short-term bank loan from the Lender with an annual interest rate of 5.31%. During the year, the increase in borrowings was used for further investments or projects as strict credit policies may be applied by the PRC government.

Contingent Liabilities

As at 31 December 2010, the Group did not have any material contingent liabilities or guarantees.

Pledge of Assets

As at 31 December 2010, the Group did not have any pledge or charge on assets.

Foreign Currency Risk

The Group's businesses are located in the PRC and its operating transactions are conducted in Renminbi. Most of its assets and liabilities are denominated in Renminbi, except for a small part of net proceeds from the IPO and the Over-allotment, certain payables to professional parties and administrative expenses in Hong Kong office that are denominated in Hong Kong dollars.

The Renminbi is not freely convertible. There is a risk that the PRC government may take actions affecting exchange rates which may have an adverse effect on the Group's net assets, earnings and any dividend it declares if such dividend is to be exchanged or converted into foreign exchange. The Group has not entered into any hedging transaction to manage the potential fluctuation in foreign currencies. The Group does not consider that it has any significant exposure to the risk of fluctuation in the exchange rate between HK$ and RMB, as a possible change of 5% in RMB against HK$ would have no significant financial impact to the Group's financial performance.

Interest Rate Risk

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

Contractual Obligations

As at 31 December 2010, the Group's contractual obligations amounted to approximately RMB107.3 million, and decreased by RMB235.5 million as compared to approximately RMB342.8 million as at 31 December 2009, which was primarily due to less construction contracts entered by the Group during the year.

Capital Expenditure

The Group's total capital expenditure increased by 669.3% from approximately RMB182.7 million in 2009 to approximately RMB1,405.6 million in 2010. The capital expenditure in 2010 primarily consisted of (i) the acquisition of a mining right of the Yangqueqing Mine at a consideration of RMB200.0 million; (ii) the acquisition of an exploration right of the Cizhuqing Mine and the Hailong Processing Plant from Huili Hailong amounted to RMB120.0 million and RMB189.5 million, respectively; (iii) the acquisition of the Heigutian Processing Plant from the First Independent Third Party Processing Contractor amounted to approximately RMB547.6 million; (iv) the Construction Project with an annual production capacity of 1,000.0 Kt of approximately RMB108.4 million; (v) the exploration and evaluation costs of approximately RMB35.4 million in respect of the expansion of the Xiushuihe Mine and the Yangqueqing Mine; and (vi) other miscellaneous projects, including construction and upgrading medium-grade titanium concentrate production lines and road reconstruction etc, aggregated to approximately RMB182.0 million.

Financial Instruments

The Group did not have any hedging contracts or financial derivatives outstanding for the years ended 31 December 2009 and 2010.

Gearing Ratio

As at 31 December 2010, the Group's cash and cash equivalents exceeded the interest-bearing bank loans. As such, the Group was at a net cash position and no gearing ratio as at 31 December 2010.

USE OF NET PROCEEDS FROM THE IPO AND THE OVER-ALLOTMENT

Use of proceeds	**Net proceeds from the IPO and the Over-Allotment**	
	Available to utilise *RMB million*	Utilised (up to 31 December 2010) *RMB million*
Acquisition or consolidation of other mines and expansion of the existing mining boundaries	**1,345.2**	1,024.1
Construction of 300.0 Kt iron concentrate production line at the Xiushuihe Processing Plant	**143.9**	120.2
Upgrade of medium-grade titanium concentrate production lines	**57.5**	8.7
Working capital	**115.1**	96.7
Total	**1,661.7**	1,249.7

CHANGE OF USE OF PROCEEDS

Reference is made to the Prospectus in relation to the IPO. It was intended that approximately HK$131.4 million or RMB115.1 million (the "Luchang Proceeds") representing approximately 8.0% of the net proceeds from the IPO would be used to finance the construction of two titanium slag production lines with a planned annual aggregated production capacity of 120.0 Kt at the Luchang Vanadium Titano-Magnetite Industrial Park (the "Luchang Project").

As disclosed in the Company's interim report dated 20 August 2010, the Board believed that investing in the acquisition or consolidation of other mines will bring a higher investment return as compared to investing the same amount in titanium slag production. In order to better serve the Group's primary business goals and maximise Shareholder value, the Board has decided to terminate the Luchang Project and better utilise the Luchang Proceeds to finance the acquisition or consolidation of other iron ore mines and to expand its mining boundaries. During the year, the Luchang Agreements had been terminated, and the initial prepayment of the Luchang Proceeds amounted to approximately HK$39.6 million or RMB34.7 million had been refunded in full to the Group. As a result of the foregoing, the amount of net proceeds from the IPO and the Over-allotment intended for use in acquisition or consolidation of other mines and expansion of the existing mining boundaries has increased from RMB1,230.1 million as disclosed in the Prospectus to RMB1,345.2 million.

RESOURCES AND RESERVES OF MINES

Resources and Reserves of the Baicao Mine and the Xiushuihe Mine under the JORC Code

(a) Resource Summary (Includes Reserves)

		Tonnage		Grades			Contained Metals	
		(Mt)	TFe (%)	TiO_2 (%)	V_2O_5 (%)	TFe (Kt)	TiO_2 (Kt)	V_2O_5 (Kt)
Baicao Mine								
Measured and Indicated	Higher-grade	61.5	27.0	11.4	0.23	16,636.0	6,988.2	141.5
	Lower-grade	20.6	17.1	7.2	0.13	3,509.8	1,475.5	26.7
Inferred	Higher-grade	24.3	29.2	11.9	0.25	7,083.9	2,886.9	60.7
	Lower-grade	7.1	17.8	7.8	0.14	1,256.7	550.7	9.9
Xiushuihe Mine including the extension area								
Measured and Indicated	Higher-grade	81.9	25.6	9.6	0.22	20,910.9	5,269.0	180.2
	Lower-grade	8.0	17.0	5.3	0.13	1,358.6	378.5	10.2
Inferred	Higher-grade	2.9	30.5	11.5	0.26	869.3	327.8	7.4
	Lower-grade	4.5	17.3	4.8	0.12	776.8	215.5	5.4

(b) Reserve Summary

	Tonnage		Grades			Contained Metals	
	(Mt)	TFe (%)	TiO_2 (%)	V_2O_5 (%)	TFe (Kt)	TiO_2 (Kt)	V_2O_5 (Kt)
Baicao Mine							
Proved	18.8	25.0	10.5	0.22	4,692.5	2,670.0	57.1
Probable	32.8	25.9	10.2	0.22	8,490.0	3,520.0	77.0
Xiushuihe Mine including the extension area							
Proved	40.7	24.6	9.5	0.22	10,018.3	2,512.7	88.5
Probable	26.3	23.8	8.6	0.20	6,257.1	1,588.3	51.7

Resources of the Yangqueqing Mine and the Cizhuqing Mine

(a) Yangqueqing Mine

The Yangqueqing Mine has estimated resources of 17.9 Mt. In addition, the Yangqueqing Mine has the opportunity to expand the current permitted mining area and explore at a low cost the neighbouring iron ore resources, which are estimated to be up to 81.6 Mt. The Yangqueqing Mine has not commenced the production during the year, and the estimated resources have no change since the Company's announcement regarding the acquisition of the Yangqueqing Mine dated 18 January 2010.

(b) Cizhuqing Mine under the PRC National Standard

The Cizhuqing Mine has resources of 25.6 Mt and has not commenced the production during the year. As a result, its resources have no change since the Company's announcement regarding the acquisition of the Cizhuqing Mine dated 4 February 2010. The summary of resources is as below:

	Tonnage		Grades			Contained Metals	
	(Mt)	TFe (%)	TiO_2 (%)	V_2O_5 (%)	TFe (Kt)	TiO_2 (Kt)	V_2O_5 (Kt)
Type 331 and Type 332	12.8	22.4	9.6	0.17	2,869.4	1,235.6	23.6
Type 333	12.7	20.4	8.4	0.17	2,605.2	1,073.3	20.1

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2010, the Group had a total of 1,542 dedicated full time employees (31 December 2009: 1,012 employees), including 47 management and administrative staff, 27 technical staff, 8 sales and marketing staff and 1,460 operational staff. For the year ended 31 December 2010, the employee benefit expense (including Directors' remuneration in the form of salaries, equity-settled share option expenses and other allowances) was approximately RMB64.6 million (2009: RMB25.9 million).

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

OTHER SIGNIFICANT EVENTS

(1) On 15 January 2010, Xiushuihe Mining and Nanjiang executed the Termination Agreement, pursuant to which the parties agreed to amend and terminate certain provisions under the New Agreement dated 18 March 2009, entered into between Xiushuihe Mining and Nanjiang relating to the construction and upgrade of iron and titanium concentrate production lines at the Xiushuihe Processing Plant. The reason for the amendment is to reduce the amount of technical support service fee payable to Nanjiang under the New Agreement. Please refer to the Company's announcement dated 18 January 2010 for further details.

(2) The Group entered into an agreement with Panzhihua Jingzhi, pursuant to which the Group extended the option period in relation to the acquisition of the Xiaoheiqing Jingzhi Mine by an additional year from 12 May 2010 to 11 May 2011. Please refer to the Company's announcement dated 13 May 2010 for further details.

STRATEGIES AND PLANS

Benefitting from global economic recovery and rising demand for industrial raw materials, the demand for iron ore continues to increase. This coupled with strong demand and inflationary considerations, meaning that the iron ore prices in Sichuan are expected to remain stable with solid growth potential. Moreover, the iron ore prices are on an upward trend following several price adjustments by global mining enterprises. Therefore, the Group remains positive and optimistic over iron ore prices in 2011. Clinging to the favourable market environment, the Group strives to achieve a better performance going forward.

Benefiting from various favourable initiatives introduced by the PRC government as well as a promising industry development outlook, the Group is ideally poised to fully capitalise on its leading position within the industry and will continue to strive for satisfactory results. The Group will also continue to strengthen its position in the local Sichuan iron ore market and across the entire country by adopting the following development strategies:

Expansion of Mineral Resources through Strategic Acquisitions and Mining Boundary Extensions

Looking ahead, mergers and acquisitions will remain the major business development strategy for the Group. The Group will continue to adhere to this strategy and leverage its regional leading position, while actively seeking out other potential mineral resources to further expand overall reserves. In 2011, the Group expects to obtain a mining permit to expand the mining area of the Xiushuihe Mine, and another two for the merged Yangqueqing Mine and Baicao Mine (including the mining right for iron ore resources found between these mines and in the area nearby) and for the Cizhuqing Mine, respectively. In addition, the Group has entered into the Aba Mining Acquisition Agreement (Aba Mining owns the Maoling Mine, the Yanglongshan Mine, and an iron concentrate production line with a planned annual production capacity of 150.0 Kt). The acquisition of Aba Mining is expected to be completed by 30 April 2011.

Facilities and Technology Upgrade to Boost Production

To meet strong future demand, the Group will actively upgrade its existing facilities and technologies to further expand the production capacity and output. The first phase of construction of the new iron pelletising plant with an annual production capacity of 1,000.0 Kt in Ailang Townlet, Huili County, Sichuan will be completed and begin operations during the second quarter of 2011. By then, an annual iron pellet production capacity of 1,000.0 Kt will be added to the Group. After completion of all the construction phases, it is expected that the Group's annual production capacity of the new iron pelletising plant will reach 1,500.0 Kt. In addition, the Group has completed the construction of a new iron concentrate production line with a planned annual production capacity of 300.0 Kt and a new high-grade titanium concentrate production line with a planned annual production capacity of 100.0 Kt at the Xiushuihe Processing Plant. With favourable market dynamics and further expansion of titanium concentrates production capacity, the Group expects to achieve a heightened production volume in the coming years. The Group will continue to improve its production processes and technologies to further increase the capacity of existing production facilities and enhance production output, thereby improving resource utilisation rates.

CORPORATE GOVERNANCE

The Company has adopted the CG Code as its own code of corporate governance. The Company has complied with the code provisions of the CG Code for the year ended 31 December 2010.

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

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE SET OUT IN APPENDIX 10 OF THE LISTING RULES

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

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.chinavtmmining.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2010 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 financial statements of the Group for the year ended 31 December 2010.

GLOSSARY

"12th Five-Year Plan"	the Communist Party of China Central Committee's proposal on formulating the 12th five-year programme (from year 2011 to 2015) on National Economic and Social Development
"2011 AGM"	the Shareholders' annual general meeting to be held on 6 May 2011
"Aba Equity Interest"	the entire equity interest in Aba Mining
"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 a connected person to our Group
"Aba Mining Acquisition Agreement"	the equity interest transfer agreement dated 15 November 2010 entered into between Sichuan Lingyu Investment Co., Ltd.* (四川省凌御投資有限公司) (as transferee) and Chuan Wei (as transferor) under which the Aba Equity Interest is being transferred
"Baicao Mine"	白草鐵礦, the vanadium-bearing titano-magnetite mine located in Xiaoheiqing Townlet, Huili County, Sichuan and operated by Huili Caitong
"Baicao Processing Plant"	the ore processing plant located at our Baicao Mine and operated by Huili Caitong
"Board" or "Board of Directors"	our board of Directors

"CG Code"	the Code on Corporate Governance Practice as set out in Appendix 14 to the Listing Rules
"Chengdu-Chongqing Economic Zone"	an economic zone incorporates 15 cities of Sichuan and 31 districts and counties of Chongqing for the purpose of urban-rural comprehensive reform in Sichuan and Chongqing
"China" or "PRC"	the People's Republic of China, but for the purpose of this announcement, excluding Hong Kong
"Chongqing"	Chongqing Municipality in China
"Chuan Wei"	Sichuan Chuanwei Group Co., Ltd.* (四川省川威集團有限公司), a limited liability company established in the PRC on 29 March 1998 and a connected person to our Group
"Cizhuqing Mine"	茨竹箐鐵礦, the vanadium-bearing titano-magnetite mine located in Xiaoheiqing Townlet, Huili County, Sichuan, with an exploration area of 2.3 sq.km.
"Company" or "our Company", "we" or "us"	China Vanadium Titano-Magnetite Mining Company Limited (中國釩鈦磁鐵礦業有限公司), a limited liability company incorporated in the Cayman Islands on 28 April 2008
"concentrate(s)"	the product(s) of ore processing plants that contain higher concentrations of the minerals and are suitable for smelting
"Construction Project"	the construction of a new iron pelletising plant in Ailang Townlet, Huili County, Sichuan
"Director(s)"	director(s) of our Company or any one of them
"EGM"	Extraordinary general meeting of the Shareholders convened and held by the Company on 16 December 2010
"First Independent Third Party Pelletising Contractor"	Panzhihua Henghong Iron Pellets Co., Ltd.* (攀枝花恒弘球團有限公司), established on 20 July 2005, a limited liability company (non-state owned) and an independent third party contractor which entered into a pelletising contract with us with effect from December 2008
"First Independent Third Party Processing Contractor"	Yanbian County Hongyuan Mining Co., Ltd.* (鹽邊縣宏緣礦業有限責任公司), established on 25 April 2001, a limited liability company (non-state owned) and an independent third party contractor which entered into a processing contract with us with effect from August 2006. It commenced the production of iron concentrates and medium-grade titanium concentrates from our ore in January 2007
"GDP"	stands for Gross Domestic Product, a measure of country's overall official economic output

"grade"	the concentration, commonly expressed as percentage or grams per tonne, of useful elements, minerals or their components in any ore or concentrate
"Group"	the Company and its subsidiaries
"Hailong Processing Plant"	the ore processing plant located at the Cizhuqing Mine, including an iron and titanium concentrate production line with a total annual capacity of 300.0 Kt iron concentrates, together with a tailing storage facility, certain buildings and machinery and equipment located at Xiaoheiqing Townlet, Huili County, Sichuan
"Heigutian Processing Plant"	the ore processing plant located at Heigutianshe, Xinjiu Town, Yanbian County, Sichuan
"Higher-grade"	the mineralisation for TFe content is above 20%
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Huili Caitong"	Huili County Caitong Iron and Titanium Co., Ltd.* (會理縣財通鐵鈦有限責任公司), established in the PRC on 7 July 1998 and is a foreign equity joint venture in the PRC since 29 December 2010
"Huili County"	a county in Sichuan
"Huili Hailong"	Huili County Hailong Mining Development Co., Ltd.* (會理縣海龍礦產有限責任公司), a limited liability company established in the PRC
"IFRSs"	International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB") and the International Accounting Standards (the "IAS") and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect
"Indicated Resources"	part of the iron ore resources for which tonnage, densities, shape, physical characteristics, quality and mineral content can be estimated with a reasonable level of confidence as defined by the JORC Code
"Inferred Resources"	part of the iron ore resources for which tonnage, quality and mineral content can be estimated with a low level of confidence as defined by the JORC Code
"IPO"	the initial public offering and listing of Shares of the Company on the Main Board on 8 October 2009

"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 Pelletising Plant"	our plant that produces iron pellets and is located approximately 36 km from the Xiushuihe Mine
"iron pellet(s)"	a round hardened clump of iron-rich material suitable for application in blast furnaces
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition), as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy and used to determine resources and reserves, as amended from time to time
"km"	kilometre(s), a metric unit measure of distance
"Kt"	thousand tonnes
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Lower-grade"	the mineralisation for TFe content is between 15% to 20%
"Luchang Agreements"	three separate agreements dated 14 December 2009, 15 December 2009 and 14 December 2009, entered with various independent contractors, in respect of construction fees, installation fees and equipment purchase fees for Luchang Project
"Maoling Mine"	毛嶺鐵礦, an ordinary magnetite mine owned by Aba Mining and located in Wenchuan County, Sichuan
"Measured Resources"	mineral resources that have been intersected and tested by drill holes or sampling procedures at locations close enough to confirm continuity
"mining right(s)"	the right(s) to mine mineral resources and obtain mineral products in areas where mining activities are licensed
"Model Code"	Model Code for Securities Transactions by Directors of the Listed Issues as set out in Appendix 10 of the Listing Rules
"MPa"	Megapascal

"Mt"	million tonnes
"Nanjiang"	Sichuan Nanjiang Mining Group Co., Ltd.* (四川南江礦業集團有限公司), established on 10 April 1996, a limited liability company (non-state owned) and an independent third party which entered into a new cooperation agreement with us with effect from 18 March 2009
"New Agreement"	a new co-operation agreement entered between Xiushuihe Mining and Nanjiang for a term commencing on 18 March 2009 until 10 November 2023
"ore processing"	the process which in general refers to the extraction of usable portions of ores by using physical and chemical extraction methods
"Over-Allotment"	the exercise of the over-allotment option, pursuant to the announcement published by the Company on 28 October 2009
"Panxi Region"	a region in Sichuan located at southwest of Chengdu reaching from Panzhihua to Xichang
"Panzhihua Jingzhi"	Panzhihua Jingzhi Mining Co., Ltd.* (攀枝花市經質礦產有限責任公司), a limited liability company established in the PRC on 2 August 2000
"pelletising"	a process to compress the iron ore into the shape of a pellet
"PRC National Standard"	(i) 《固體礦產資源/儲備分類》(GB/T17766-1999, 1999-06-08) and (ii) 《固體礦產地質勘查規範總則》(GB/T13908-2002, 2003-01-01) ("Classification of Solid Mineral Resources and Reserves"* and "General Requirements for Solid Mineral Exploration"*, respectively)
"Prospectus"	the prospectus of the Company dated 24 September 2009 issued in connection with the IPO
"Proved and probable reserves"	reserves that have been based after application of mining recovery and dilution facts, on an in-situ identified resources which have been categorised as "indicated" and "measured" under the JORC Code
"Renminbi" or "RMB"	the lawful currency of the PRC
"reserve(s)"	the part of a measured and/or indicated resource(s) which could be mined and from which valuable or useful minerals could be recovered economically under conditions reasonably assumed at the time of estimation

"resource(s)"	a concentration or occurrence of iron ore of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction
"Second Independent Third Party Pelletising Contractor"	Panzhihua City Guangchuan Metallurgy Co., Ltd.* (攀枝花市廣川冶金有限公司), established on 27 October 2004, a limited liability company (non-state owned) and an independent third party contractor which entered into a pelletising contract with us with effect from February 2009
"Second Independent Third Party Processing Contractor"	Panzhihua City Aolei Gongmao Co., Ltd.* (攀枝花市奧磊工貿有限責任公司), established on 12 March 2004, a limited liability company (non-state owned) and an independent third party contractor which entered into a processing contract with us with effect from April 2009
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of HK$0.1 each
"Shareholder(s)"	holder(s) of the Share(s)
"Sichuan"	the Sichuan province of the PRC
"sq.km."	square kilometre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Termination Agreement"	a new agreement executed between Xiushuihe Mining and Nanjiang on 15 January 2010, pursuant to which the parties agreed to amend and terminate certain provisions under the New Agreement
"TFe"	the symbol for denoting total iron
"TiO_2"	the chemical symbol for titanium dioxide
"titanium"	a light, strong, lustrous, corrosion-resistant transition metal with a white-silvery-metallic colour
"titanium concentrate(s)"	concentrate(s) whose main content (by value) is titanium dioxide
"titanium slag"	a slag containing the metal atoms of titanium
"tonne"	metric ton
"Type 331"	measured intrinsic economic resources (探明的內蘊經濟資源量) (Type 331) as defined in the Classification of Solid Mineral Resources and Reserves

"Type 332"	indicated intrinsic economic resources (控制的內蘊經濟資源量) (Type 332) as defined in the Classification of Solid Mineral Resources and Reserves
"Type 333"	inferred intrinsic economic resources (推斷的內蘊經濟資源量) (Type 333) as defined in the Classification of Solid Mineral Resources and Reserves
"V_2O_5"	the chemical symbol for vanadium pentoxide
"Wenchuan County"	A county in Sichuan
"Xiaoheiqing Jingzhi Mine"	小黑箐經質鐵礦, the vanadium-bearing titano-magnetite mine owned by Panzhihua Jingzhi located at Huili County, Sichuan, with a mining area of 1.02 sq.km. and estimated resources of 100.0 Mt
"Xiushuihe Mine"	秀水河鐵礦, the vanadium-bearing titano-magnetite mine located in Ailang Townlet, Huili County, Sichuan and operated by Xiushuihe Mining
"Xiushuihe Mining"	Huili County Xiushuihe Mining Co., Ltd.* (會理縣秀水河礦業有限公司), a limited liability company established in the PRC on 26 June 2007 and a member of our Group
"Xiushuihe Processing Plant"	the ore processing plant located at our Xiushuihe Mine and operated by Xiushuihe Mining
"Yanglongshan Mine"	羊龍山鐵礦, the iron mine located at Yanglongshan in Wenchuan County, Sichuan, with an exploration area of 8.79 sq.km.
"Yangqueqing Mine"	陽雀箐鐵礦, the vanadium-bearing titano-magnetite mine located in Huili County, Sichuan, with a mining area of 0.25 sq.km.

* *For identification purpose only*

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

Hong Kong, 14 March 2011

As at the date of this announcement, the Board comprises Mr. Jiang Zhong Ping, Mr. Liu Feng and Mr. Yu Xing Yuan as Executive Directors; Mr. Wang Jin and Mr. Teo Cheng Kwee as Non-executive Directors; and Mr. Yu Haizong, Mr. Gu Peidong and Mr. Liu Yi as Independent Non-executive Directors.