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 2022

FINANCIAL HIGHLIGHTS

For the Reporting Period:

- the Group's revenue was approximately RMB233.8 million for 1H2022 (1H2021: RMB246.3 million);
- the Group recorded a Net Loss of RMB7.7 million for 1H2022 (1H2022: RMB6.8 million);
- given the above, the basic and diluted loss per Share attributable to ordinary equity holders of the Company was approximately RMB0.003 for 1H2022 (1H2021: RMB0.003); and
- the Board does not recommend the payment of an interim dividend for 1H2022 (1H2021: Nil).

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

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		For the six months ended 30 June	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
CONTINUING OPERATIONS			
REVENUE	*4*	**233,752**	246,270
Cost of sales		**(226,671)**	(236,008)
Gross profit		**7,081**	10,262
Other income and gain	*4*	**858**	2,121
Selling and distribution expenses		**(272)**	(209)
Administrative expenses		**(11,215)**	(8,905)
Other expenses		**(1,620)**	(1,278)
Reversal of impairment losses on trade receivables, net		**–**	241
Finance costs	*5*	**(2,739)**	(2,377)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**(7,907)**	(145)
Income tax credit/(expense)	*7*	**128**	(1,313)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(7,779)**	(1,458)
DISCONTINUED OPERATIONS			
Loss for the period from a discontinued operation		**–**	(6,162)
LOSS FOR THE PERIOD		**(7,779)**	(7,620)

	Note	For the six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**9**	542
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(7,770)**	(7,078)
Loss attributable to:			
Owners of the Company		**(7,666)**	(6,773)
Non-controlling interests		**(113)**	(847)
		(7,779)	(7,620)
Total comprehensive loss attributable to:			
Owners of the Company		**(7,657)**	(6,335)
Non-controlling interests		**(113)**	(743)
		(7,770)	(7,078)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted			
– For loss for the period	*9*	**RMB(0.003)**	RMB(0.003)
– For loss from continuing operations	*9*	**RMB(0.003)**	RMB(0.001)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**174,132**	166,289
Right-of-use assets	*10*	**651**	1,032
Intangible assets	*10*	**734,984**	735,021
Prepayments, other receivables and other assets	*11*	**461**	886
Deferred tax assets	*12*	**13,292**	12,208
Total non-current assets		**923,520**	915,436
CURRENT ASSETS			
Inventories		**9,788**	11,900
Trade and bills receivables	*13*	**214,825**	203,655
Prepayments, other receivables and other assets	*11*	**4,570**	4,433
Due from related parties		**5,711**	9,728
Pledged deposits		**25**	10,026
Cash and cash equivalents		**3,747**	6,436
Total current assets		**238,666**	246,178
CURRENT LIABILITIES			
Trade payables	*14*	**30,976**	33,077
Contract liabilities		**6,602**	6,166
Other payables and accruals		**72,636**	59,993
Interest-bearing bank and other borrowings	*15*	**87,612**	17,580
Due to related parties		**6,571**	5,389
Lease liabilities		**2,600**	2,305
Tax payable		**9,397**	9,052
Total current liabilities		**216,394**	133,562

	Note	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000
NET CURRENT ASSETS		**22,272**	112,616
TOTAL ASSETS LESS CURRENT LIABILITIES		**945,792**	1,028,052
NON-CURRENT LIABILITIES			
Due to related parties		**7,680**	7,680
Lease liabilities		**72**	400
Interest-bearing bank and other borrowings		**–**	74,612
Provision for rehabilitation		**14,973**	14,523
Other payables		**700**	700
Total non-current liabilities		**23,425**	97,915
Net assets		**922,367**	930,137
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*16*	**197,889**	197,889
Reserves		**429,694**	437,351
		627,583	635,240
Non-controlling interests		**294,784**	294,897
Total equity		**922,367**	930,137

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 (the "Reporting Period") has been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

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 2021, except for the adoption of the Amendments to IFRS 3, IFRS 16, IAS 16 and IFRS 37 and *Annual Improvements to IFRSs 2018-2020* for the first time for the current period's financial information.

The Group has assessed the impact of the adoption of the amendments and annual improvements and concluded that the amendments and annual improvements 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 2021: three; year ended 31 December 2021: three) 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 services segment comprises the provision of facilities management services for the mining operations; 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 from continuing operations. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that other income and gain, other expenses, non-lease-related finance costs and fair value losses on financial assets at fair value through profit or loss 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 2022

Segments	High-Fe mining operation *RMB'000* (Unaudited)	Trading *RMB'000* (Unaudited)	Facility management services *RMB'000* (Unaudited)	Corporate and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(note 4)*					
Sales to external customers	**28,219**	**202,927**	**2,606**	**–**	**233,752**
Intersegment sales	**–**	**–**	**200**	**–**	**200**
	28,219	**202,927**	**2,806**	**–**	**233,952**
Reconciliation:					
Elimination of intersegment sales					**(200)**
Total revenue					**233,752**
Segment results	**(792)**	**1,716**	**647**	**(6,047)**	**(4,476)**
Reconciliation:					
Other income and gain					**858**
Other expense					**(1,620)**
Finance costs (other than interest on lease liabilities)					**(2,669)**
Loss before tax					**(7,907)**
Other segment information					
Depreciation and amortisation *(note 10)*	**3,771**	**–**	**–**	**50**	**3,821**
Capital expenditure* *(note 10)*	**11,166**	**–**	**–**	**80**	**11,246**

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

As at 30 June 2022

	High-Fe mining operation	Trading	Facility management services	Corporate and others	Total
Segment assets	**360,490**	**225,480**	**2,462**	**749,483**	**1,337,915**
Reconciliation:					
Elimination of intersegment receivables					**(192,793)**
Deferred tax assets					**13,292**
Cash and cash equivalents					**3,747**
Pledged deposits					**25**
Total assets					**1,162,186**
Segment liabilities	**74,051**	**190,572**	**906**	**70,074**	**335,603**
Reconciliation:					
Elimination of intersegment payables					**(192,793)**
Interest-bearing bank and other borrowings					**87,612**
Tax payable					**9,397**
Total liabilities					**239,819**

For the six months ended 30 June 2021

Segments	High-Fe mining operation *RMB'000* (Unaudited)	Trading *RMB'000* (Unaudited)	Corporate and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(note 4)*				
Sales to external customers	25,551	220,719	–	246,270
Revenue from continuing operations				246,270
Segment results	3,001	2,420	(4,172)	1,249
Reconciliation:				
Other income				2,121
Other expenses				(1,278)
Finance costs (other than interest on lease liabilities)				(2,237)
Loss before tax from continuing operations				(145)
Other segment information				
Reversal of impairment losses on trade receivables, net	(124)	(117)	–	(241)
Depreciation and amortisation	4,720	–	323	5,043
Capital expenditure*	9,223	–	4	9,227

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

As at 31 December 2021

Segment assets	369,412	204,263	735,289	1,308,964
Reconciliation:				
Elimination of intersegment receivables				(176,020)
Deferred tax assets				12,208
Cash and cash equivalents				6,436
Pledged deposits				10,026
Total assets				1,161,614
Segment liabilities	67,713	170,387	68,153	306,253
Reconciliation:				
Elimination of intersegment payables				(176,020)
Interest-bearing bank and other borrowings				92,192
Tax payable				9,052
Total liabilities				231,477

4. REVENUE, OTHER INCOME AND GAIN

Revenue

An analysis of revenue from continuing operations is as follows:

	For the six months ended 30 June			
	2022		2021	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Sale of industrial products:				
High-grade iron concentrates	**28,219**	**12.0**	25,551	10.0
Steels	**202,927**	**87.0**	220,719	90.0
Rendering of facility management services	**2,606**	**1.0**	–	–
	233,752	**100.0**	246,270	100.0

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2022

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

For the six months ended 30 June 2021

Segments	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Types of goods or services				
High-grade iron concentrates	25,551	–	–	25,551
Trading of steels	–	220,719	–	220,719
Total revenue from contracts with customers	25,551	220,719	–	246,270
Geographical markets				
Mainland China	25,551	220,719	–	246,270
Total revenue from contracts with customers	25,551	220,719	–	246,270
Time of revenue recognition				
Goods transferred at a point in time	25,551	220,719	–	246,270
Total revenue from contracts with customers	25,551	220,719	–	246,270

For the six months ended 30 June 2022

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

For the six months ended 30 June 2021

Segments	High-Fe mining operation *RMB'000*	Trading *RMB'000*	Corporate and others *RMB'000*	Total *RMB'000*
Revenue from contracts with customers				
External customers	25,551	220,719	–	246,270
Total revenue from contracts with customers	25,551	220,719	–	246,270

Other income and gain

An analysis of other income and gain is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**7**	5
Government grants	**37**	17
Sale of raw materials	**782**	1,260
Miscellaneous	**32**	30
	858	1,312
Gain		
Gain on disposal of items of property, plant and equipment	**–**	809
Total other income and gain	**858**	2,121

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**2,218**	1,813
Interest on lease liabilities	**70**	140
Unwinding of discount on provision	**451**	424
	2,739	2,377

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of services provided	**1,785**	–
Cost of inventories sold	**224,886**	236,008
Reversal of impairment losses on trade receivables, net	**–**	(241)
Auditor's remuneration	**850**	600
Loss on disposal of property, plant and equipment	**–**	6
Foreign exchange loss/(income), net	**(178)**	43

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group was not subject to any income tax in the Cayman Islands and the BVI during the Reporting Period and the six months ended 30 June 2021.

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 Reporting Period and the six months ended 30 June 2021.

The provision for the PRC Corporate Income Tax ("CIT") is based on the respective PRC CIT rates applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of Mainland China for the Reporting Period and the six months ended 30 June 2021.

All subsidiaries domiciled in the PRC (the "PRC subsidiaries") were subject to the PRC CIT rate of 25% during the Reporting Period and the six months ended 30 June 2021, except for certain subsidiaries in the PRC which are qualified as Small Low-profit Enterprises and thus entitled to a preferential income tax rate of 20%. Pursuant to the income tax rules and regulations in Singapore, the Group's subsidiary located in Singapore is liable to Singapore corporate income tax at a rate of 17% on the assessable profits generated for the Reporting Period and the six months ended 30 June 2021.

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China charge for the period	**955**	1,208
Current – Singapore charge for the period	**1**	–
Deferred *(note 12)*	**(1,084)**	105
Total tax charge/(credit) for the period from continuing operations	**(128)**	1,313

8. DIVIDEND

At a meeting of the Directors held on 26 August 2022, the Directors did not recommend an interim dividend for the Reporting Period (six months ended 30 June 2021: nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the loss attributable to ordinary equity holders of the Company for the Reporting Period of RMB7,666,000 (six months ended 30 June 2021: RMB6,773,000), and the weighted average number of ordinary shares of 2,249,015,410 (30 June 2021: 2,249,015,410) in issue during the Reporting Period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2022 and 30 June 2021 in respect of a dilution as the exercise prices of the Company's outstanding share options were higher than the average market prices for the Company's shares during the Reporting Period and the six months ended 30 June 2021.

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

	Property, plant and equipment *RMB'000*	**Intangible assets** *RMB'000*	**Right-of-use assets** *RMB'000*
Carrying amounts at 1 January 2022	166,289	735,021	1,032
Additions	11,009	237	–
Depreciation/amortisation provided during the period	(3,166)	(274)	(381)
Carrying amounts at 30 June 2022 (unaudited)	174,132	734,984	651

Note:

As at 30 June 2022, the mining rights of Maoling Mine with a net carrying amount of RMB19,047,000 (31 December 2021: RMB19,321,000) were pledged to secure the Group's bank loans (note 15(a)).

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2022 *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000*
Current portion:		
Prepayments consisting of:		
Purchase of raw materials	**126**	120
Utilities	**335**	191
Prepayment for the maintenance of a road	**47**	47
Other prepayments	**1,287**	1,254
Other receivables consisting of:		
Deductible value added tax input	**1,121**	1,122
Other receivables	**2,258**	2,303
	5,174	5,037
Impairment allowance	**(604)**	(604)
	4,570	4,433
Non-current portion:		
Prepayment for the maintenance of a road	**459**	484
Long-term deposits	**2**	402
	461	886
	5,031	5,319

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 2022	3,289	4,871	1,031	2,202	815	12,208
Deferred tax credited/(charged) to profit or loss during the period from continuing operations *(note 7)*	1,199	(248)	158	–	(25)	1,084
At 30 June 2022 (unaudited)	4,488	4,623	1,189	2,202	790	13,292

As at 30 June 2022, the Group has tax losses arising from Mainland China of RMB420,246,000 (31 December 2021: RMB408,363,000) that would expire in one to five years and other deductible temporary differences of RMB115,431,000 (31 December 2021: RMB115,431,000) that were available for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as it is not considered probable that taxable profits will be available against which they can be utilised.

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

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

As at 30 June 2022, 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

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 2022 *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000*
Within 3 months	**212,521**	137,059
3 to 6 months	**2,304**	66,596
	214,825	203,655

14. TRADE PAYABLES

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

	30 June 2022 *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000*
Within 180 days	**27,015**	23,303
181 to 365 days	**2,140**	2,115
1 to 2 years	**655**	3,814
2 to 3 years	**405**	189
Over 3 years	**761**	3,656
	30,976	33,077

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	**30 June 2022** ***RMB'000*** **(Unaudited)**	31 December 2021 *RMB'000*
Bank loans – Secured	*(a)*	**74,612**	79,612
Other borrowings – Unsecured	*(b)*	**13,000**	12,580
		87,612	92,192
Analysed into:			
Bank loans repayable:			
Within one year or on demand		**74,612**	5,000
In the second year		**–**	74,612
		74,612	79,612
Other borrowings repayable:			
Within one year or on demand		**13,000**	12,580
Total bank and other borrowings		**87,612**	92,192
Balances classified as current liabilities		**(87,612)**	(17,580)
Balances classified as non-current liabilities		**–**	74,612

	30 June 2022 ***RMB'000*** **(Unaudited)**	31 December 2021 *RMB'000*
Bank loans	**4.35%**	4.35%
Other borrowings	**6.00%-8.00%**	6.50%-8.00%

Notes:

(a) As at 30 June 2022, the Group's bank loans of RMB74,612,000 (31 December 2021: RMB79,612,000) are secured by:

(i) mining rights of Maoling Mine with a net carrying amount of RMB19,047,000; and

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

In addition, Huili County Akuang Trading Co., Ltd and Sichuan Lingyu have guaranteed the bank loans up to RMB74,612,000 as at 30 June 2022 (31 December 2021: RMB79,612,000).

(b) The balance as at 30 June 2022 mainly consists of short-term loans granted by a third party to Aba Mining at the annual interest rates ranging from 6.00% to 8.00% (31 December 2021: 6.50% to 8.00%). These loans were unsecured with repayment terms ranging from five months to twelve months.

16. ISSUED CAPITAL

	30 June 2022 (Unaudited)	31 December 2021
Number of ordinary shares:		
Authorised ordinary shares of HKD0.1	**10,000,000,000**	10,000,000,000
Issued and fully paid ordinary shares of HKD0.1	**2,249,015,410**	2,249,015,410

	30 June 2022 ***RMB'000*** **(Unaudited)**	31 December 2021 *RMB'000*
Amounts:		
Issued and fully paid ordinary shares of HKD0.1	**197,889**	197,889

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

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

- During the first half of 2022, the global COVID-19 pandemic has calmed down and economic activities have largely resumed in major economies. However, the challenges wrought by the Russo-Ukrainian conflict has triggered sanctions of an unprecedented scale and led to numerous diverse impacts including economic fragmentation and stagflation, obstructing the recovery of the already weary global economy. With the outlook of the world economy remaining grim, it is expected that the global economic growth would slump from approximately 6.1% in 2021 to approximately 3.6% in 2022 and 2023.

- In China, COVID-19 outbreaks in major cities have caused strict city-wide lockdowns, which brought economic activities in the affected areas to a standstill and severely disrupted supply chains, offsetting the previous gains in the overall recovery of China's economy. The State Council has announced a package of economic revival measures in May 2022 to aid economic recovery, covering fiscal, financial, investment, and industrial policies.

- China's Gross Domestic Product ("GDP") in the first half of 2022, released by the National Bureau of Statistics of the PRC, showed a 2.5% year-on-year growth, which is above the expectations of institutions and economists, and yet still significantly lower than the annual goal of 5.5%. In addition, global geopolitical complications and the COVID-19 pandemic also imposed pressure on China's GDP for the second quarter of 2022.

- Steel prices in China remained relatively stable in the first five months of 2022, but a plummet was observed in June 2022, with a low of RMB4,868 per tonne recorded in late June. The drop in price was due to the interest rate hike of US's Federal Reserve, putting pressure on commodities, coupled with the lacklustre demand in slack season and pressure in inventory, driving down steel prices. Steel production in the first half of 2022 saw an apparent drop with 96.6Mt produced in May 2022, down by 3.5% year-on-year from 2021.

- The falling steel production was also attributed to the national policies as the National Development and Reform Commission of the PRC ("NDRC") along with several ministries have prepared for the national crude steel production reduction work, aiming to achieve a year-on-year nationwide reduction in crude steel production in 2022. Regions such as Jing-jin-ji Metropolitan region and Yangtze River Delta region have been assigned as the key output reduction regions, replacing high consumption and low yield outputs to foster high quality iron and steel industry development and reduce carbon emissions.

- The China Iron Ore Price Index compiled by the China Iron and Steel Association showed fluctuation in prices throughout the first half of 2022 while the economy recovery appeared to be uneven, along with the influence of foreign monetary policies. The crude iron ore price index reached a peak at 526.35 in March 2022, after which a downward trend was seen throughout April to June 2022 due to the weak demand from downstream buyers and interest rate hikes. As for the China 62% TFe iron ore, prices were relatively stable throughout the first half of 2022, lingering around RMB900 to RMB1,000 per tonne, with the highest recorded at RMB1,035.69 per tonne in April 2022.

- Domestic output of crude iron ore has been growing at a stable pace in the first half of 2022, where the year-on-year output was generally higher than 2021. A drop in output was recorded in April, which was likely caused by rigorous lockdowns in several provinces and cities in China, leading to production disruptions.

- The Chinese Purchasing Manager's Index ("PMI") underwent a cycle in the first half of 2022, with the manufacturing sector recovering and expanding despite the ongoing implementation of anti-pandemic measures. The PMI remained above the 50 threshold in the first two months of 2022 where a considerable drop was recorded from March to May 2022, with April 2022 being the lowest below the threshold at 47.4, but rebounded to 50.2 in June 2022.

- On the other hand, China Steel Industry PMI reached a peak of 47.5 in January 2022 and subsequently dropped to a new low at 36.2 in June 2022.

- With iron and steel prices fluctuating in recent years, the iron and steel industry has taken measures to reduce reliance on imported iron ores, hoping to tackle unstable prices at its roots and stabilise profit margins. The China Iron and Steel Association has proposed the "Foundation Plan" in January 2022, aiming to restructure the sourcing of steel resources in ten to fifteen years, in a bid to reduce dependence on imports, further alleviating the shortcomings of the existing iron and steel supply chain. The plan proposed to increase domestic iron ore output, steel scrap consumption and overseas equity mines to 370 million tonnes, 300 million tonnes and 220 million tonnes, respectively. A number of iron and steel corporations in China have already implemented the plan to reduce reliance on imported resources.

- Regarding national policies concerning carbon reduction, the "Guiding Opinions about fostering high-quality development of the Iron and Steel Industry" announced jointly by the NDRC, the Ministry of Industry and Information Technology, and the Ministry of Ecology and Environment, has scaled back its carbon peaking goal to 2030, five years longer than the previous guiding opinion.

BUSINESS AND OPERATIONS REVIEW

Operation and Financial Overview

During the Reporting Period, the Group reported lower revenue, which fell by 5.1% to approximately RMB233.8 million. Apart from the impacts brought about by the renewed COVID-related restrictions and disruptions in China, the Group's operations were also disrupted by the rock collapse and rock falls near the Maoling Mine caused by the earthquakes in Maerkang City, Aba Prefecture, Sichuan Province in early June 2022. As a result, the Group had temporarily suspended the entire operations at Maoling Mine in late June 2022. Furthermore, the preliminary engineering works in preparation for the expansion of the Maoling Mine areas conducted since 1H2021 have increased the frequency of regular maintenance which caused intermittent disruption to the Maoling Mine operations (collectively, the "Production Disruption and Suspension").

Specifically,

- production volume of high-grade iron concentrates fell by 19.0%, mainly due to the Production Disruption and Suspension;

- average selling price for high-grade iron concentrates increased by approximately 17.3% as the Group has progressively adjusted its operational strategy to increase the output of the less-polluted 72% TFe iron concentrates with a higher selling price. The overall growing market demand for high-grade iron concentrates was however affected by lower supply due to production disruptions in China caused by rigorous lockdowns in several provinces and cities since April 2022, which has caused price to increase as supply continued to lag behind demand;

- sluggish demand and resulting piled-up stock in the steel industry as a result of weak market sentiment has caused the average selling price of steels to fall by approximately 22.4% in 1H2022, despite an increase in trading volume by 18.6% to approximately 55.6Kt as compared to 1H2021;

- the Group has recorded a maiden income from the facility management segment, which amounted to RMB2.6 million for the three months ended 30 June 2022; and

- the Group's operations have excluded that of Mancala Australia Group, the disposal of which had been completed on 31 July 2021.

Overall, the Group recorded a lower gross profit of approximately of RMB7.1 million for 1H2022 as compared to RMB10.3 million for 1H2021. Gross profit margin declined from 4.2% for 1H2021 to 3.0% for 1H2022 due mainly to diseconomies of scale which arose from the Production Disruption and Suspension, thereby causing higher unit of production costs. Administrative expenses increased to RMB11.2 million for 1H2022 from RMB8.9 million for 1H2021 mainly due to the higher professional fees incurred for several corporate transactions initiated during the Reporting Period.

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

Overview of Mines

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

High Fe Mines and Gypsum Mine

Mines	Processing Plant	Status as at 30 June 2022
Maoling-Yanglongshan Mine	Maoling Processing Plant	Producing iron concentrates of high Fe contents *(within the range of 65% TFe to 72% TFe)*
Shigou Gypsum Mine	N/A	Optimising development and mining plans according to trial production results

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

	Purchase from independent third parties			Sale to an independent third party		
	1H2022	1H2021	Change	**1H2022**	1H2021	Change
	(Kt)	*(Kt)*	*%*	***(Kt)***	*(Kt)*	*%*
(i) Trading Sales						
Steels	**55.6**	46.9	18.6	**55.6**	46.9	18.6

	Production volume (Dry basis)			Sales volume (Dry basis)		
	1H2022	1H2021	Change	**1H2022**	1H2021	Change
	(Kt)	*(Kt)*	*%*	***(Kt)***	*(Kt)*	*%*
(ii) Sale of Self-produced Products						
High-grade iron concentrates	**22.1**	27.3	(19.0)	**25.7**	27.3	(5.9)

Business Risks and Uncertainties

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

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

- unfavourable price fluctuations of iron concentrates, lower-than expected capacity utilisation rate, negative market sentiment as a result of geopolitical tensions, the COVID-19 pandemic and change in demand may result in re-assessment of intangible assets valuations (in relation to exploration and mining rights), which may have an adverse impact on the Group's financial results due to the resultant impairment losses arising from lower value-in-use and lower economic benefits as may be derived from the related cash-generating units;

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

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

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

FINANCIAL REVIEW

	1H2022	1H2021	Variance
	RMB'000	*RMB'000*	*%*
REMAINING GROUP			
Revenue	**233,752**	246,270	(5.1)
Cost of sales	**(226,671)**	(236,008)	(4.0)
Gross profit	**7,081**	10,262	(31.0)
Other income and gain	**858**	2,121	(59.5)
Selling and distribution expenses	**(272)**	(209)	30.1
Administrative expenses	**(11,215)**	(8,905)	25.9
Other expenses	**(1,620)**	(1,278)	26.8
Reversal of impairment losses, net	**–**	241	(100.0)
Finance costs	**(2,739)**	(2,377)	15.2
Operating loss before tax from the Remaining Group	**(7,907)**	(145)	N/M
Income tax credit/(expense)	**128**	(1,313)	(109.7)
Operating loss after tax from the Remaining Group	**(7,779)**	(1,458)	433.5
DISPOSAL GROUP			
Loss for the period from the Disposal Group	**–**	(6,162)	(100.0)
Loss for the period	**(7,779)**	(7,620)	2.1
ATTRIBUTABLE TO:			
Owners of the Company	**(7,666)**	(6,773)	13.2
Non-controlling interests	**(113)**	(847)	(86.7)
	(7,779)	(7,620)	2.1

Revenue

Revenue fell slightly to approximately RMB233.8 million for 1H2022 (1H2021: RMB246.3 million) due mainly to (i) lower production volume resulting from the Production Disruption and Suspension and (ii) lower average selling price from trading activities as a result of weak local market sentiment triggered by renewed COVID-related restrictions and disruptions in China during the Reporting Period.

Cost of Sales

Cost of sales mainly comprises environment compliance cost, incidental costs for resuming the Maoling Mine operations from the Production Disruption and Suspension, contracting fees for mining and stripping as well as costs for materials, labour, power and other utilities, repair and maintenance, depreciation and amortisation, and trading purchase.

Cost of sales fell to approximately RMB226.7 million for 1H2022 (1H2021: RMB236.0 million) on the back of lower revenues.

Gross Profit and Margin

Gross profit fell to approximately RMB7.1 million for 1H2022 (1H2021: RMB10.3 million) due mainly to lower profitability from the High-Fe Mining Operations. The Group's gross profit margin fell to approximately 3.0% for 1H2022 (1H2021: 4.2%) due mainly to diseconomies of scale which arose from the Production Disruption and Suspension, thereby causing higher unit production costs.

Other Income and Gain

Other income and gain were RMB0.9 million for 1H2022 (1H2021: RMB2.1 million), which mainly comprise proceeds from the sale of mine tailings of RMB0.8 million (1H2021: RMB1.3 million).

Selling and Distribution Expenses

Selling and distribution expenses comprise mainly delivery, logistics, storage and warehousing costs. Selling and distribution expenses remained relatively unchanged at approximately RMB0.3 million for 1H2022 (1H2021: RMB0.2 million).

Administrative Expenses

Administrative expenses, comprising mainly staff related expenses, professional fees and other fixed operating overheads associated with the Production Disruption and Suspension, increased to approximately RMB11.2 million for 1H2022 (1H2021: RMB8.9 million), mainly due to higher professional fees incurred for several corporate transactions initiated during the Reporting Period.

Other Expenses

Other expenses, comprising mainly cost of processing mine tailings, increased to RMB1.6 million for 1H2022 (1H2021: RMB1.3 million) as a result of higher absorption cost per unit given lower production volume.

Impairment Losses

The management of the Group has assessed the key assumptions of the business projection in respect of the cash-generating unit ("CGU") of the Group, which are highly dependent on the estimation of future commodity prices, mining plans, future capital expenditure plans, discount rates and market conditions. As at 30 June 2022, the management of the Group was of the opinion that there was no impairment of the CGU of the Group, barring unforeseen circumstances. However, the management of the Group was mindful of the existing market conditions which appeared to be highly volatile and unpredictable and will continue to assess the underlying assumptions applicable to its business projections (subject to regular reviews and revisions in relation to impairment tests) if there are factors indicating that the business conditions relating to the CGU of the Group may deteriorate to a level which requires accounting impairment as a result of the market forces.

During the Reporting Period, there was no impairment loss recognised or reversed (1H2021: reversal of impairment losses RMB0.2 million).

Finance Costs

Finance costs remained relatively unchanged at RMB2.7 million for 1H2022 (1H2021: RMB2.4 million) which mainly comprise cost of funds for working capital loans.

Income Tax Credit/(Expense)

The Group recorded an income tax credit of RMB0.1 million for 1H2022 (1H2021: income tax expense of RMB1.3 million), due to recognition of deferred tax assets in relation to the unabsorbed tax losses for its High-Fe Mining Operations.

Loss Attributable to Owners

Given the above, the Group recorded a Net Loss of RMB7.7 million for 1H2022 (1H2021: Net Loss RMB6.8 million).

Interim Dividend

The Board does not recommend the payment of an interim dividend for 1H2022 (1H2021: Nil).

LIQUIDITY AND CAPITAL RESOURCES

The following table sets out certain information regarding the Group's interim consolidated statement of cash flows for the six months ended 30 June 2022 and 2021:

	1H2022		1H2021	
	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		**6,436**		47,173
Net cash flows from/(used in) operating activities	**655**		(38,820)	
Net cash flows used in investing activities	**(10,021)**		(9,757)	
Net cash flows from financing activities	**6,672**		4,445	
Net decrease in cash and cash equivalents		**(2,694)**		(44,132)
Effect of foreign exchange rate changes, net		**5**		1,275
Cash and cash equivalents as stated in the interim consolidated statement of cash flows at end of the period		**3,747**		4,316

Net Cash Flows From/(Used In) Operating Activities

The Group's net cash flows from operating activities were approximately RMB0.7 million for 1H2022 (1H2021: used in operating activities were RMB38.8 million) after accounting for operating loss before working capital changes of approximately RMB1.2 million (1H2021: operating profit before working capital changes of approximately RMB0.1 million) and positive working capital changes of approximately RMB2.4 million (1H2021: negative working capital changes of RMB36.0 million).

Net Cash Flows Used In Investing Activities

The Group's net cash flows used in investing activities were approximately RMB10.0 million for 1H2022 (1H2021: RMB9.8 million) due primarily to capital expenditures for the preliminary engineering and preparatory works on site for expanding the Maoling Mine areas.

Net Cash Flows From Financing Activities

The Group's net cash flows from financing activities were approximately RMB6.7 million for 1H2022 (1H2021: RMB4.4 million used in financing activities), due primarily to a release of the pledged deposit amounting to RMB10.0 million.

FINANCIAL POSITION

Inventories

The Group's inventories, comprising raw materials, stocks and consumables in relation to the High-Fe Mining Operations, fell to approximately RMB9.8 million as at 30 June 2022 (FY2021: RMB11.9 million), due mainly to delivery and consumption of iron concentrates.

Trade and Bills Receivables

The Group's trade and bills receivables increased to approximately RMB214.8 million as at 30 June 2022 (FY2021: RMB203.7 million) due to orders fulfilment of approximately RMB80.4 million in aggregate as at 30 June 2022. The trade receivables balance has been fully collected subsequently.

Prepayments, Other Receivables and Other Assets

The Group's prepayments, other receivables and other assets remained relatively unchanged at approximately RMB4.6 million as at 30 June 2022 (FY2021: RMB4.4 million) which comprise mainly proceeds from sale of the mine tailings and other prepayments to third parties.

Trade Payables

The Group's trade payables fell slightly to approximately RMB31.0 million as at 30 June 2022 (FY2021: RMB33.1 million) due mainly to lower production volume of the High-Fe Mining Operations. Overall creditor turnover days increased to 25 days (FY2021: 17 days).

Borrowings

Total borrowings of the Group remained relatively unchanged at approximately RMB87.6 million as at 30 June 2022 (FY2021: RMB92.2 million) as a result of annual rollover of working capital loans of RMB74.6 million. As at 30 June 2022, all borrowings of the Group were denominated in RMB. Details of the borrowings of the Group are set out in note 15 to the Interim Condensed Consolidated Financial Information of this announcement.

Lease Liabilities

The total lease liabilities of the Group of approximately RMB2.7 million (FY2021: RMB2.7 million) were payment obligations in relation to the right-of-use assets for office premises and tailings management facilities.

Contingent Liabilities and Financial Guarantees

The Company provides the CVT Guarantees in favour of the Financial Institutions guaranteeing the loan facilities of Huili Caitong and Xiushuihe Mining with a maximum aggregate guaranteed amount of approximately RMB730.0 million (FY2021: RMB730.0 million). As at 30 June 2022, a principal amount of approximately RMB528.4 million (FY2021: RMB533.4 million) remained outstanding under such loan facilities.

The CVT Guarantees were provided by the Company prior to the 2019 Disposal to guarantee the indebtedness of Huili Caitong and Xiushuihe Mining owing to the Financial Institutions. Those debts have not been fully repaid and the CVT Guarantees continued after the 2019 Completion. In connection with the CVT Guarantees, the Company and Chengyu Vanadium (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 in favour of the Company in respect of the Company's contingent liabilities and potential claims under the CVT Guarantees.

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

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

- Chengyu Vanadium 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 directly for any payments, losses and expenses incurred as a result of the CVT Guarantees; and

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

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

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

Save for the above, as at 30 June 2022, 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 2022 was mainly related to a short-term bank loan of RMB74.6 million granted to Aba Mining, which was secured by the mining rights of Maoling Mine.

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

Except as disclosed elsewhere in this management discussion and analysis ("MD&A") and the Interim Condensed Consolidated Financial Information for 1H2022, 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 1H2022.

Except as disclosed in this MD&A and the Interim Condensed Consolidated Financial Information for 1H2022, there were no other material investments or additions of capital assets that were not related to normal operation authorised by the Board as at the date of this announcement.

Foreign Currency Risk

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

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

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

Interest Rate Risk

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

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

Capital Expenditure

The Group's total capital expenditure increased by RMB2.0 million to RMB11.2 million (1H2021: RMB9.2 million) due to the engineering works performed in preparation for the progressive upgrade of the High-Fe Mining Operations and the expansion of the Maoling Mine areas.

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, 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 at 30 June 2022, the gearing ratio was approximately 8.6% (FY2021: 8.7%).

OTHER SIGNIFICANT EVENTS

Facility Management Services Agreements

On 21 March 2022, Sichuan Lingwei entered into (i) the facility management services framework agreement with Huili Caitong and Xiushuihe Mining (the "Huili FM Agreement") and (ii) the facility management services framework agreement with Yanyuan Xigang (the "Yanyuan FM Agreement", together with the Huili FM Agreement, the "Framework Agreements"). Pursuant to the Framework Agreements, Sichuan Lingwei will provide various facility management services, including operational site routine services and mining engineering support and consultancy services, to the mining camps of Huili Caitong, Xiushuihe Mining and Yanyuan Xigang from 1 April 2022 to 31 December 2022. The annual cap for the transactions contemplated under the Framework Agreements for the year ending 31 December 2022 is RMB12,900,000.

Please refer to the Company's announcement dated 21 March 2022 for further details.

Master Guarantee Agreement

The Company has on 29 June 2022 obtained independent Shareholders' approval for the Company to continue the provision of CVT Guarantees under the Master Guarantee Agreement commencing from 29 June 2022 to 31 December 2024.

Please refer to the Company's announcement dated 16 May 2022, the Company's circular dated 8 June 2022, and the section headed "Contingent Liabilities and Financial Guarantees" above in this announcement for further details.

The Disruptions to the Maoling Mine Operations

Due to the earthquakes in Maerkang City, Aba Prefecture, Sichuan in early June 2022, the rock collapse and rock falls near the Maoling Mine, which is located in Wenchuan County, Aba Prefecture, Sichuan, have damaged the pulp pipes and the high-voltage power lines at the Maoling Mine which caused a complete power outage at the Maoling Mine. For safety reasons, the Group had temporarily suspended the entire operation at the Maoling Mine on 21 June 2022 and resumed subsequently the mine operations in early July 2022 upon completion of repairing works.

Please refer to the Company's announcement dated 21 June 2022 for further details.

With the intention of sustaining stable electricity supply for residential use in light of high electricity usage during the peak usage periods in summer, the relevant Chinese government authorities of Sichuan Province and Wenchuan County issued notices imposing mandatory power restrictions on industrial enterprises and plants across Sichuan Province (save for certain regions in Sichuan Province) in mid-August 2022. In compliance, the Company had suspended the Maoling Mine operations on 15 August 2022 and may resume the operations in late August 2022 at the earliest barring unforeseen circumstances.

Please refer to the Company's announcement dated 16 August 2022 for further details.

OUTLOOK

The impacts of the COVID-19 pandemic have scarcely eased as it entered its third year in 2022. While economic activities have resumed around the world, the renewed lockdowns and restrictions in several cities in China have further strained key supply chain and added risks to inflation amidst geopolitical tensions, which have weighed on the post-pandemic recovery both locally and globally.

The Group had previously mentioned that it would expand its production capacity for the higher-purity iron concentrates (with at least 70% TFe) in view of China's sustainable mining practices and decarbonisation initiatives, and in order to align with the current market demand trend and national policies. In view of this, the Group had commenced preliminary engineering works in 1H2021 in preparation for expanding the Maoling Mine areas.

These expansion plans for the Maoling Mine require progressive scheduling of on-site upgrading works and reallocation of resources, which will involve some form of capital investments in licensing process, mines exploration, additional environmental compliance, and modification of existing production facilities in various phases. Whilst these organic growth strategies will help the Group's core operations to stay competitive in the long run, the initial preparatory works and progressive investments will increase fixed operating costs and affect the productivity of the Group's existing High-Fe Mining Operations during the transitional period.

The Group has also segregated the mining facilities management activities from its upstream mining operations and has since procured service contracts for the provision of operational site services, mining engineering support and consultancy services to mining camps. In view of this, the Group had recorded a maiden net operating profit over a period of approximately 3 months in 1H2022, which could pave the way for the Group to leverage the increasingly integral role which facilities management holds in other sectors while the Group looks to diversify and forge strategic partnership in such areas.

In executing the above strategies, the Group remains mindful of uneven business recovery given the existing weak market sentiment, but the Group continues to believe the recovery will be meaningful upon full re-opening of the local economy at a much larger scale in time to come. As reiterated, risks and signs of resurgence of viral infections amidst China's zero COVID stance are closely monitored and the Group remains adaptive and nimble in adjusting its strategies if required.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 June 2022, the number of employees of the Group was 232 (31 December 2021: 127), inclusive of 111 employees who were responsible for facility management services. For 1H2022, employee benefit expenses (including Directors' remuneration in the form of salaries and other allowances) were approximately RMB12.4 million (1H2021: approximately RMB15.2 million).

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

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (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 set out in the CG Code.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

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

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

REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

GLOSSARY

"1H2021"	the six months ended 30 June 2021
"1H2022" or "Reporting Period"	the six months ended 30 June 2022
"2019 Completion"	completion of the 2019 Disposal on 30 July 2019
"2019 Disposal"	the sale transaction of the Caitong Group from Sichuan Lingyu to Chengyu Vanadium which was entered into on 29 January 2019 and completed on 30 July 2019
"2019 Counter Indemnity"	a moveable asset pledge contract entered into between Chengyu Vanadium and the Company for the provision of counter-indemnity by Chengyu Vanadium in favour of the Company in respect of the Company's contingent liabilities and potential claims under the CVT Guarantees (if any), and the pledge of the Chengyu Vanadium's inventories (including but not limited to structural steels, coals etc) as security for such counter indemnity
"2022 Counter Indemnity"	the counter indemnity agreement entered into between Chengyu Vanadium and the Company on 16 May 2022 for the provision of counter-indemnity by Chengyu Vanadium 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's inventories (comprising structural steels and iron ores, or any other assets approved by the Company) as security for such counter-indemnity

"Aba Mining"	Aba Mining Co., Ltd.*, a limited liability company established in the PRC on 27 February 2004 and an indirect wholly-owned subsidiary of the Company
"Aba Prefecture"	Aba Tibetan and Qiang Autonomous Prefecture
"Board"	the board of Directors
"Caitong Group"	refers to Huili Caitong and its subsidiaries, namely Xiushuihe Mining and Panzhihua Yixingda, which engage in sale of self-produced low-grade iron concentrates within the range of 53% TFe to 55% TFe and has been disposed on 30 July 2019
"Chengyu Vanadium"	Chengyu Vanadium Titano Technology Ltd.*, formerly known as Weiyuan Steel Co., Ltd.*, a sino-foreign equity joint venture established in the PRC on 3 April 2001 and a connected person to the Group
"China" or "PRC" or "Mainland China"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company"	China Vanadium Titano-Magnetite Mining Company Limited, a limited liability company incorporated in the Cayman Islands on 28 April 2008
"Continuing Operations"	operations of the Remaining Group
"CVT Guarantees"	guarantees given by the Company in favour of the Caitong Group guaranteeing, inter alia, the indebtedness owing by the Caitong Group to certain financial institutions in the PRC with a maximum aggregate guaranteed amount of RMB730.0 million
"Director(s)"	director(s) of the Company or any one of them
"Discontinued Operation"	operation of the Mancala Australia Group for the six months ended 30 June 2021
"Disposal Group" or "Mancala Australia Group"	refers to Mancala Holdings and its subsidiaries, which have been disposed of on 31 July 2021
"Fe"	chemical symbol of iron element

"Financial Institutions"	certain banks and an asset management and financial services institution in the PRC in favour of which the Company entered into the CVT Guarantees with a maximum guaranteed amount of RMB730.0 million as security in relation to credit facilities granted to Huili Caitong and Xiushuihe Mining
"FY2021"	financial year ended and/or as at 31 December 2021, as applicable
"Group"	the Company and its subsidiaries
"Gypsum"	a soft hydrous sulfate mineral with the chemical formula $CaSO_4 \cdot 2H_2O$
"High Fe Mines"	Maoling Mine, Maoling-Yanglongshan Mine and Maoling Processing Plant
"High-Fe Mining Operations"	refers to operations of the sale of self-produced high-grade iron concentrates within the range of 65% TFe to 72% TFe
"HKD"	the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huili Caitong"	Huili County Caitong Iron and Titanium Co., Ltd.*, established in the PRC on 7 July 1998 and has been a foreign equity joint venture in the PRC since 29 December 2010, an indirect wholly-owned subsidiary of the Company till 30 July 2019
"IFRSs"	International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board and the International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect

"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
"Mancala Holdings"	Mancala Holdings Limited, a company incorporated in the Cayman Islands, which was owned as to 81% by the Company till 31 July 2021
"Maoling Extended Exploration Area"	formerly an independent exploration region with an area of 2.83 sq.km. covered under the extended exploration permit of the Maoling Mine (covering 1.9 sq.km. of the mining area of the Maoling Mine), which has been consolidated with the Yanglongshan Mine since September 2012 to form the Maoling-Yanglongshan Mine
"Maoling Mine"	an ordinary magnetite mine located in Wenchuan County, Sichuan, with a mining area of 1.9 sq.km.
"Maoling Processing Plant"	the ore processing plant located near the Maoling-Yanglongshan Mine and operated by Aba Mining
"Maoling-Yanglongshan Mine"	an exploration region with a total area of 11.6 sq.km. covered under the exploration permit of the Maoling-Yanglongshan Mine (the mining area covered is owned by the Maoling Mine), formed from the combination of the Maoling Extended Exploration Area and the Yanglongshan Mine since September 2012 and operated by Aba Mining
"Master Guarantee Agreement"	the master guarantee agreement entered into between the Company, Huili Caitong, Xiushuihe Mining and Chengyu Vanadium on 16 May 2022 under which the Company agreed to continue to provide the CVT Guarantees on certain conditions
"Mt"	million tonnes

"N/M"	not meaningful. For the purpose of this announcement, the Board has taken the view that percentage change of more than 1,000% is not meaningful
"N/A"	not applicable
"Net Loss"	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
"Remaining Group"	the Company and its subsidiaries as at 30 June 2022
"RMB"	the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of HKD0.1 each
"Shareholder(s)"	holder(s) of the Share(s)
"Shigou Gypsum Mine"	Shigou gypsum mine located at Hanyuan County, Ya'an City, Sichuan, with a mining area of 0.1228 sq.km.
"Sichuan"	the Sichuan province of the PRC
"Sichuan Lingwei"	Sichuan Lingwei Property Service Co., Ltd.*, a limited liability company established in the PRC on 7 July 2021 and an indirect wholly-owned subsidiary of the Company
"Sichuan Lingyu"	Sichuan Lingyu Investment Group Co., Ltd.*, a limited liability company established in the PRC on 9 June 2010 and an indirect wholly-owned subsidiary of the Company
"SGD"	the lawful currency of the Republic of Singapore
"sq.km."	square kilometres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TFe"	the symbol for denoting total iron

"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD"	the lawful currency of the United States
"Wenchuan County"	Wenchuan County, Aba Prefecture, Sichuan Province
"Xiushuihe Mining"	Huili County Xiushuihe Mining Co. Ltd.*, a limited liability company established in the PRC on 26 June 2007, an indirect subsidiary of the Company that owned 95.0% equity interest through Huili Caitong till 30 July 2019
"Yanglongshan Mine"	an ordinary magnetite mine located in Wenchuan County, Sichuan, formerly an independent exploration region with an area of 8.79 sq.km. covered under the exploration permit of the Yanglongshan Mine, and has been consolidated as the Maoling-Yanglongshan Mine with the original Maoling Extended Exploration Area since September 2012
"Yanyuan Xigang"	Yanyuan Xigang Clean Coal Co., Ltd.*, a limited liability company established in the PRC

* *For identification purpose only*

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

Hong Kong, 26 August 2022

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

Website: www.chinavtmmining.com