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China Vanadium Titano-Magnetite Mining Company Limited

中國鈮鈦磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00893)

PROFIT WARNING AND GENERAL BUSINESS UPDATE

This announcement is made by China Vanadium Titano-Magnetite Mining Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT WARNING

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the Group’s unaudited consolidated management accounts for the six months ended 30 June 2021 (“**1H2021**”), the Group is expected to record a significantly lower net loss attributable to owners (“**Net Loss**”) of approximately RMB6.8 million for 1H2021 compared to RMB19.1 million for 1H2020.

The lower Net Loss for 1H2021 mainly attributable to the following:

- a Net Loss of approximately RMB1.8 million for the Group’s high-Fe mining operation and trading business, including expenses for its corporate functions. Whilst the high-Fe mining operation and trading business remained profitable amid surging demand for iron concentrates, the overall profitability for 1H2021 was affected by (i) the temporary suspension of the Maoling Mine in the second half of June 2021 due to a landslide and the incidental costs incurred for the subsequent resumption of the production (as previously announced by the Company on 21 June 2021); and (ii) the additional costs for environmental compliance and mine assessment in relation to potential expansion of the existing Maoling Mine area; and

- a Net Loss of approximately RMB5.0 million for the discontinued specialised mining services business in Australia (the “**Discontinued Operations**”) given the unfavorable macro environment triggered by the geopolitical flux and ongoing market volatility, which had further been burdened by the prolonged global travel restrictions amid the COVID-19 pandemic. During 1H2021, the Group announced the disposal of the Discontinued Operations (the “**Disposal**”) and the Disposal was completed on 31 July 2021. As a result, the Group expects to record an estimated gain on the Disposal in the second half of 2021.

The above information is only based on the preliminary assessment by the Company’s management with reference to the unaudited consolidated management accounts of the Group for 1H2021 which have not been reviewed or audited by the auditor of the Company. Shareholders and potential investors of the Company are advised to read the details of the interim results announcement of the Group for 1H2021, which is expected to be published by end of August 2021.

GENERAL BUSINESS UPDATE

Expansion of mines operations

In view of China’s bearing anti-pollution measures and the demand trend, the Group has progressively adjusted its operational strategy to increase the output of the less-polluted and higher-margin iron concentrates with at least 70% TFe (compared to the existing range of 62% TFe to 65% TFe). In this aspect, the Group intends to expand the existing mining area of the Maoling Mine. Such move is expected to entail some form of capital investments in licensing process, mines exploration, additional environmental compliance, modification and upgrading of existing production facilities and infrastructure (including necessary mining engineering works such as tunneling and underground construction). The initial capital investment amount for these initiatives (Phase 1) is estimated to be at least RMB30 million.

The Group has been evaluating its corporate strategies with an aim to optimise its resources amidst the COVID-19 pandemic. As such, the Group has since disposed the specialised mining services business in Australia and will remain focused in expanding its high-Fe mining operation and trading business while exploring other non-mining business diversification opportunities. The Group had also previously indicated that the long-term fundamentals of the Chinese economic growth will remain as a key driving factor for the Group’s strategic plans in the future, including potential business diversification strategies.

In view of the above, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 13 August 2021

As at the date of this announcement, the Board comprises Mr. Teh Wing Kwan (Chairman) as non-executive Director, Mr. Jiang Zhong Ping (Chief Executive Officer), Mr. Hao Xiemin (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