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## **China Vanadium Titano-Magnetite Mining Company Limited**

**中國鈦鈹磁鐵礦業有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00893)**

### **PROFIT WARNING AND CORPORATE 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

#### **PROFIT WARNING**

References are made to the profit warning and the interim results announcement of the Company published on 16 August 2018 and 28 August 2018, respectively. 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 year ended 31 December 2018 (the “**FY2018**”), the Group is expected:

- to continue to record a loss for its (i) operating mines of low-grade or low Fe iron concentrates as a result of lower-than-expected utilisation rates and significantly lower average selling prices (which fell by 9.3% on average); and (ii) suspended production facilities and inactive mines given impairment losses as assessed in accordance with the Group’s accounting policies (“**Low Fe and Inactive Mines**”); and
- to record net profit and positive cash flows for its operating mines of high-grade iron concentrates as a result of increased market demand, higher average selling prices and focused strategies to improve efficiencies for production of high-grade iron concentrates (“**High Fe Mines**”).

However, the Group's net loss, including impairment loss recorded for Low Fe and Inactive Mines, is expected to outstrip the profit derived from High Fe Mines, a trend continued from the six months ended 30 June 2018. As a result, the Group is expected to record a net loss before tax, including impairment losses, of not more than RMB460.0 million (financial year ended 31 December 2017: RMB414.9 million).

The information contained in this announcement is only based on the preliminary assessment by the management of the Group with reference to the unaudited consolidated management accounts of the Group for FY2018 which have not been reviewed or audited by the audit committee of the Company and the Company's auditor. Shareholders and potential investors of the Company are advised to read carefully the annual results announcement of the Company for FY2018, which is expected to be published by the end of March 2019.

### **The Proposed Disposal of Low Fe and Inactive Mines**

The Group had, on 29 January 2019, announced the proposed disposal of the 100% equity interest in Huili County Caitong Iron and Titanium Co., Ltd.\* (會理縣財通鐵鈦有限責任公司), which together with its two subsidiaries, are the operators and/or owners of Low Fe and Inactive Mines, for RMB550.0 million as part its strategic restructuring to improve the financial performance of the Group, reduce working capital burdens, and improve gearing position to allow the Group to direct its resources and steer its focus towards the high-grade iron concentrates to take advantage of the recent market shift that is expected to achieve better economies of scale. The completion of the proposed disposal will further free up the Group's resources to make way for evaluating other business diversification opportunities and earning-accretive strategies. As announced, a circular containing, among other things, further information on the Disposal and such related details, is expected to be dispatched to the Shareholders on or before 29 March 2019.

### **High Fe Mines**

The Board wishes to further update that the Group's operating cash flows from the High Fe Mines remains stable and healthy (especially high-grade iron concentrates) as the price gap between benchmark (i.e: below 62% TFe) and high-grade iron concentrates (i.e: 62% TFe or above) has increased over the past two years amidst stringent environmental compliance for the mining industry in China.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

For and on behalf of the Board  
**China Vanadium Titano-Magnetite Mining Company Limited**  
**Teh Wing Kwan**  
*Chairman*

Hong Kong, 11 March 2019

*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; Mr. Yu Haizong, Mr. Wu Wen and Mr. Liu Yi as independent non-executive Directors.*

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