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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)

INSIDE INFORMATION

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). Reference is made to the circulars of the Company dated 10 June 2019 and 8 June 2022, and the announcement dated 30 July 2019 (the “**Announcements**”). Capitalised terms used herein shall have the same meanings as defined in the Announcements unless otherwise stated herein.

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 the Company has been notified on 27 March 2024 that a litigation has been commenced by China Construction Bank Corporation, Liangshan Branch* (中國建設銀行股份有限公司涼山分行) (“**CCB**”) against its former indirect wholly-owned subsidiary, Huili Caitong Iron and Titanium Co., Ltd.* (會理市財通鐵鈦有限責任公司) (“**Huili Caitong**”) in China (the “**Litigation**”), for principal indebtedness of RMB276.9 million and interest thereof (which Huili Caitong is still in the midst of verifying and confirming the related calculations) owing by Huili Caitong under loan facilities granted by CCB, on which the Company has provided a corporate guarantee (the “**CVT Guarantees**”) prior to the disposal of Huili Caitong and its subsidiaries (the “**Huili Caitong Group**”) in 2019.

As previously disclosed in the Company's circular dated 8 June 2022, the slowing economy, prolonged market recovery, and heightened credit risk have prompted many financial institutions in China to adopt a more conservative approach towards extending banking facilities. This shift has been driven by the need to reduce credit exposure across various industries, resulting in requirements for additional collateral, higher loan-to-value ratios, and/or stricter debt-service coverage ratios, amidst the spillover effects from the real estate debt crisis. The Company has further disclosed on 19 March 2024 that the Group remains cautious that China's economic growth momentum may continue to be affected by falling business confidence, spiraling real estate crisis and exacerbating credit stress. That said, these macroeconomic uncertainties may further lead to tighter liquidity conditions for many businesses as credit demand has softened, financiers could curtail lending, debt restructuring needs may rise and corporate refinancing risks will intensify. These factors underscore the Group's concerns over increased risk of liquidity squeezes for the overall markets amidst challenging macro-operating environment.

In response to the CVT Guarantees amidst the increasingly higher credit risk environment as mentioned in the above, the Company has engaged legal advisor in China and conducted its own internal assessment, including assessment of the adequacy of the Master Guarantee Agreement which was entered into between the Company and the parent company of Huili Caitong, Chengyu Vanadium Titano Technology Ltd. ("**Chengyu Vanadium Titano**") on 16 May 2022 for the provision of counter-indemnity by Chengyu Vanadium Titano in favour of the Company under the 2022 Counter Indemnity, which allows the Company to claim against Chengyu Vanadium Titano directly for any payments, losses and expenses incurred as a result of the CVT Guarantees. Meanwhile, Chengyu Vanadium Titano has confirmed that it will continue to fulfil its obligations under the Master Guarantee Agreement.

Having considered (i) the financial positions of both Huili Caitong and Xiushuihe Mining as at 31 December 2023; (ii) the adequacy of the transaction contemplated under the Master Guarantee Agreement, including the latest independent valuation report dated 22 March 2024 in relation to the value of inventories pledged in favour of the Company thereunder remained substantially higher than the maximum guarantee amount as at 31 December 2023, and (iii) other currently available information available to the Group, the Group does not expect the above matter to have material impact on its business operations and financial position as at the date of this announcement save for the additional administrative expenses (including legal and other professional fees) as may be incurred by the Company.

Whilst the Company is not able to determine the potential outcome of the Litigation against Huili Caitong at this juncture, the Company will vigorously pursue its rights against Chengyu Vanadium Titano through the enforcement of the Master Guarantee Agreement should the Company suffers from any losses as a result of the CVT Guarantee.

The Company will closely monitor the situation and will issue announcement to provide further update as and when there is a material development in the above matter.

Shareholders of the Company 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, 28 March 2024

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

Website: www.chinavtmmining.com

** For identification purpose only*